

DOCUMENT RESUME

ED 185 690

EA 012 635

TITLE Federal Legislation and Education in New York State.

INSTITUTION New York State Education Dept., Albany.

PUB DATE Feb 30

NOTE 94p.: For related documents, see ED 088 206 and ED 154 510. Occasional paragraphs may not reproduce clearly due to small print.

EDRS PRICE MF01/PC04 Plus Postage.

DESCRIPTORS Educational Finance; Elementary Secondary Education; Federal Aid; *Federal Legislation; *Federal Programs; *Federal Regulation; *Federal State Relationship; Financial Support; Government Role; *Government School Relationship; Health Occupations; Higher Education; Professional Education; Public Libraries; School District Autonomy; *State Federal Aid; Youth Employment

IDENTIFIERS Basic Educational Opportunity Grants; Health Professions Educational Assistance Act; *New York

ABSTRACT

Recommendations concerning important federal statutory revisions, budget and appropriations items, and regulatory issues are offered in this booklet. Issues discussed are of particular concern to New York State. Recommendations include the following: (1) on the postsecondary level, federal and state programs serving the same students should be integrated into coherent plans, state and federal funds for students with special needs should be coordinated, and tax deferment accounts and tuition tax credits should be targeted for students with special needs; (2) issues of institutional integrity and program quality must be given careful legislative attention by adjusting institutional eligibility requirements for federal programs; (3) federal programs for the education of the handicapped need more flexibility and resources; (4) unemployment and underemployment of youth are urgent issues requiring comprehensive and long-range federal programs and federal, state, and local priorities linking education and employment; and (5) the federal role in child health and nutrition must be expanded to include preventive health care through the schools, and health professions legislation requires further review and extension.

(Author/JM)

* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *

ED185690

**Federal Legislation
and
Education
in New York State**

U S DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY



**The University of the State of New York
The State Education Department**

Albany

February 1980

"PERMISSION TO REPRODUCE THIS
MATERIAL HAS BEEN GRANTED BY

R. Trombley

TO THE EDUCATIONAL RESOURCES
INFORMATION CENTER (ERIC)."

EA 012 635

THE UNIVERSITY OF THE STATE OF NEW YORK

Regents of The University (with years when terms expire)

1981 THEODORE M. BLACK, A.B., Litt.D., LL.D., Pd.D., D.C.L., L.H.D. <i>Chancellor</i> -----	Sands Point
1988 WILLARD A. GENRICH, LL.B., L.H.D., LL.D., Litt.D. <i>Vice Chancellor</i> -----	Buffalo
1986 KENNETH B. CLARK, A.B., M.S., Ph.D., LL.D., L.H.D., D.Sc. -----	Hastings on Hudson
1983 HAROLD E. NEWCOMB, B.A. -----	Owego
1982 EMLYN I. GRIFFITH, A.B., J.D. -----	Rome
1983 MARY ALICE KENDALL, B.S. -----	Rochester
1984 JORGE L. BATISTA, B.A., J.D., LL.D. -----	Bronx
1982 LOUIS E. YAVNER, LL.B. -----	New York
1986 LAURA BRADLEY CHODOS, B.A., M.A. -----	Vischer Ferry
1980 MARTIN C. BARELL, B.A., I.A., LL.B. -----	Kings Point
1981 JOSEPH R. BONGIORNO, B.S., M.D. -----	Brooklyn
1984 LOUISE P. MATTEONI, B.A., M.A., Ph.D. -----	Bayside
1981 J. EDWARD MEYER, B.A., LL.B. -----	Chappaqua
1985 ARLENE B. REED-DELANEY, B.A., M.D. -----	Albany
1987 R. CARLOS CARBALLADA, B.S. -----	Arcade

President of The University and Commissioner of Education
GORDON M. AMBACH

Executive Deputy Commissioner of Education
JOSEPH J. BLANEY

Foreword

Important statutory revisions, budget and appropriations items, and regulatory issues will be addressed by the 2nd Session of the 96th Congress and by the Administration. The solutions will shape the Federal role in education well into the 1980's.

In this policy statement, we have described a number of issues of central concern in our State and across the nation.

First, we are concerned that Federal and state programs serving the same postsecondary students fit together in coherent plans which ensure that funds provide access and choice to postsecondary education. Effective planning must be promoted by linking Federal and state funds targeted for students with special needs. Complementary assistance in the form of tax deferment accounts and tuition tax credits should be provided to assist middle-income families struggling to provide postsecondary educational opportunities for their children.

Second, issues of institutional integrity and program quality must be given careful legislative attention by adjusting institutional eligibility requirements for Federal programs.

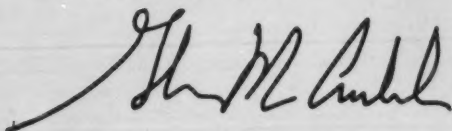
Third, Federal programs assisting in the education of the handicapped need more flexibility to accommodate differences among states. Additional resources are needed to meet Federal mandates.

Fourth, unemployment and underemployment of youth, an urgent issue in the 1980's, requires a comprehensive and long-range Federal program. Such an approach requires a coordinated set of Federal, state and local priorities linking areas of education and employment.

Finally, the Federal role in child health and nutrition must be expanded to include preventive health care through the schools. Health professions legislation requires further review and extension.

These points and other recommendations are advanced in this year's edition of the Regents' series, *Federal Legislation and Education in New York State*. I join with the Regents in urging review of these recommendations by the Congressional Delegation of New York and other states, the President, and the Executive agencies concerned with education.

Gordon M. Ambach



CONTENTS

	PAGE
I. Introduction	1
II. Guidelines for Federal Education Programs	4
III. Postsecondary Education	
Major Issues	9
Financing Postsecondary Education	12
Higher Education Act of 1965	
Comprehensive Statewide Planning	17
Community Service and Continuing Education—	
Title I	18
Urban Grant Universities	20
Disadvantaged Students and the Institutions that	
Serve Them	21
Student Financial Aid Programs—Title IV	26
Complementary Assistance for Postsecondary	
Students	47
Staff Development—Title V	52
Financial Assistance for the Purchase of	
Instructional Equipment for Improvement of	
Undergraduate Instruction—Title VI-A	54
Construction, Renovation, and Modernization of	
Academic Facilities—Title VII	55
Graduate Education—Title IX	59
Institutional Eligibility	60
IV. Youth Employment	62
V. Library and Cultural Services	73
VI. Education for All Handicapped Children	79
VII. Health Manpower Legislation	81
VIII. Child Health Assurance Program	86

I. INTRODUCTION

The Federal role in assisting state and local educational agencies, postsecondary institutions and other educational institutions has grown significantly in the last two decades. As Federal support of education has increased, Federal legislation and regulations have become more prescriptive, and the Federal "presence" has had a significant impact on state and local educational policy and practice. The receipt of Federal funds remains contingent upon compliance with Federal requirements. We believe, however, that requirements upon state and local agencies have become excessive for the proportion of Federal assistance available. More important, we believe recent Federal initiatives have intruded improperly on state and local authority and threaten to upset the constitutional division of local, state, and Federal responsibility for education.

In a historic step for education, the 1st Session of the 96th Congress passed, and the President signed, legislation creating a separate U.S. Department of Education with Cabinet level status. As the implementation of the new Department of Education is carried out, it is essential that the Administration be mindful of basic assignments for educational responsibility in the United States. As the President and the 2nd Session of the 96th Congress consider proposals for new enactments or renewal of existing acts affecting education programs, the issue of proper jurisdiction must be reviewed.

Supreme Court Decisions on State Authority for Education

A number of historic United States Supreme Court decisions support the reserved powers of states in the field of public education. In *Brown vs. Board of Education* (1954), the U.S. Supreme Court stated that "education is perhaps the most important function of state and local governments." In 1972, the Court recognized that "providing public schools ranks at the very apex of the function of a state" (*Wisconsin vs. Yoder*.)

The provision of a free public education for all citizens is a state constitutional priority. Public education is mandated by state constitution in 48 of the 50 states, and 49 states have compulsory attendance laws.

While the U.S. Constitution does not guarantee the right of public education (*San Antonio vs. Rodriguez*, 1973) it does address the Federal-state relationship. In 1941, the Supreme Court stated the following on the Tenth Amendment: "The Amendment states but a 'truism' that all is retained (by the states and the people) which has not been surrendered" (*United States vs. Larby*). In *Fry vs. United States*, the Court further recognized that "the Amendment expressly declares the constitutional policy that Congress may not exercise power in a fashion that impairs the States' integrity or their ability to function effectively in a federal system."

We include in this introduction a brief note on "Supreme Court Decisions on State Authority for Education." We urge review of that summary.

Responsibility for providing public education constitutionally and traditionally has rested with the states and their local jurisdictions. As states have accepted Federal assistance, a contractual relationship has developed between state and Federal partners. The Congress has recognized the Federal government's limited authority in education. In 1970, the General Education Provisions Act was amended to include a "Prohibition Against Federal Control of Education." This section prohibits the Federal government from exercising any "direction, supervision, or control over the curriculum, program of instruction, administration or personnel of any educational institution, school, or school system, or over the selection of library resources, textbooks, or other printed or published instructional materials by any educational institution or school system. . . ." The Education Amendments of 1976 extended this provision to all programs in the Education Division of the Department of Health, Education and Welfare. Most recently, the new statute establishing the Department of Education also includes language identical to the above, but with two additions: 1) extension of coverage to "any accrediting agency or association;" and 2) inclusion of the phrase "except to the extent authorized by law." The latter addition does raise questions about the extent of Congressional tolerance of Federal expansion into state, local, and institutional jurisdiction for education. We would hope that the intent of such language is not to provide blanket Congressional approbation for current Federal laws or administrative actions or encouragement for future Federal laws or administrative actions which impinge upon state, local and insti-

However, it is widely interpreted that Congress has the authority to legislate for education programs pursuant to the spending power conferred by Art. I, Sec. 8, of the U.S. Constitution, and pursuant to the Equal Protection Clause of the Fourteenth Amendment. By the former authority, it has been established that Congress may set conditions upon which money and goods are distributed. The Supreme Court held in *Oklahoma vs. Civil Service Commission* (1947) that the Federal government may "fix the terms on which Federal funds . . . shall be disbursed.

States and localities are not required to accept Federal assistance or Federal funds. If they do so voluntarily, they enter into a contractual relationship and accept the conditions upon which the assistance is offered. In July 1974, the U.S. District Court for New Jersey found with respect to Federal education programs that "research . . . indicates that all the programs are voluntary on the part of the state of New Jersey, and may be terminated at will by the state" (*New Jersey School Boards vs. Supreme Court of the State of New Jersey*).

There are limits to this reasoning, however. If we assume that Congress has the authority to provide for education programs, certainly this authority should not be construed as an unlimited prescriptive license.

tutional control. However, the new statute does also include the following key provision which serves as a general prohibition against increased Federal authority in education: "It is the intention of the Congress in the establishment of the Department to protect the rights of state and local governments and public and private educational institutions in the areas of educational policies and administration of programs and to strengthen and improve the control of such governments and institutions over their own educational programs and policies. The establishment of the Department of Education shall not increase the authority of the Federal government over education or diminish the responsibility for education which is reserved to the States and the local school systems and other instrumentalities of the States."

Federal legislation in education, however, includes provisions that displace state choices in structuring governmental operations in requirements of educational service. We urge both the Congress and the Administration to heed such prohibitions in future enactment and implementation of Federal education programs. Despite the long existence of similar language in the General Education Provisions Act, Federal education legislation does include provisions that displace state choices in structuring governmental operations in requirements for educational services. The Federal partner appears to have stepped beyond constitutional bounds.

The Administration will continue to address this year issues related to the implementation of amended Federal statutes impacting directly on elementary and secondary education, adult education, vocational rehabilitation, and youth employment and training programs.

In a 1976 decision on *National League of Cities vs. Usery*, the Supreme Court addressed this very issue. The Court said it had "repeatedly recognized that there are attributes of sovereignty attaching to every state government that may not be impaired by Congress, not because Congress may lack an affirmative grant of legislative authority to reach the matter, but because the Constitution prohibits it from exercising the authority in that matter." Although its ruling in that case was directed strictly to authority granted Congress under the Commerce Clause (Art. 1, Sec. 8), and specifically by footnote expressed no view on the Spending Power or the Equal Protection Clause, the reasoning is applicable to Federal-state relations in education.

At stake here is the question whether "attributes of state sovereignty" are impaired by increasing Federal prescription affecting the states' provision of a free public education. Again, in *National League of Cities*, the Supreme Court warned, "If Congress may withdraw from the states the authority to make those . . . decisions upon which . . . [public service] functions must rest, we think there would be little left of the states' separable and independence existence." The Court stated decisively that "Congress may not exercise that power so as to force directly upon the states its choices as to how essential decisions regarding the conduct of integral governmental functions are to be made." Then the Court concluded that "such assertions of power, if unchecked, would indeed . . . allow 'the national government (to) devour the essentials of state sovereignty.'"

The Congress will continue consideration of issues related to the reauthorization of Federal statutes which affect postsecondary education and will review new proposals in the area of youth unemployment. As these issues are reviewed, we urge increased recognition of the state role in planning, coordinating and financing education, and in licensing and accreditation. There must also be a greater recognition of interstate diversity in fiscal capacity and effort as well as changing economic and demographic trends.

Key decisions must be made regarding the direction of the Federal government's involvement in shaping the structure of education. The national concern traditionally has been one of providing for special needs. This Federal effort must be coordinated at the state level with state and local initiatives serving special needs populations. More efficient delivery of Federal education resources can be accomplished if state education agencies are used more effectively to provide the intermediate level services of planning, administering, and evaluating Federal programs in local education agencies and institutions. A major Federal objective should be attainment of greater educational efficiency and effectiveness through the expansion of state education agency responsibility in Federal programs.

The following Guidelines for Federal Education Programs offer a framework for the Federal involvement in education.

II. GUIDELINES FOR FEDERAL EDUCATION PROGRAMS

We urge these principles for Federal education programs:

1. Education is the responsibility of the states and the major portion of funding for education is from state and local resources. Federal funding should supplement these resources and should be directed toward particular needs in accordance with Federal purposes. Federal legislation should not direct the expenditure of state and local resources.
2. Federal programs should provide services to particular population groups such as the economically and educationally disadvantaged, the mentally and physically handicapped, the gifted and talented, and persons requiring programs of occupational education.
3. Federal programs with similar purposes serving the same population should be consolidated to assure program consistency and to provide administrative efficiency. Where programs are consolidated, state and local administrative agencies should have flexibility to use funds within the broad purposes of the consolidated act and not be constrained by provisions for each former separate program.

4. Although Federal funds should assist in equalizing educational opportunities and outcomes for individuals among the states, this does not necessarily mean equal dollars per pupil to all states. Regional differences in cost of services, as well as in state tax effort, and fiscal capacity, related to the states' overall commitment to expenditure for social programs, must be considered in the Federal distribution of funds.
5. In addition to support of educational operations as indicated above, Federal funds should be used for research and development activities which require a critical mass of resources not available to a single state or institution. A particular focus for such activity currently should be on developing effective ways to use new information and computer technology to address critical problems facing education. Federal funds should also be used for educational personnel development through aid to the states and, in turn, to local districts, for both preservice and inservice training in educational institutions and teacher centers. This assistance will be critically needed to help educational personnel adapt to new computer and information technologies.

Educational research and development funded by the Federal government should be conducted cooperatively between Federal agencies and state agencies with demonstrated capacity. Research and development program efforts must link Federal, state, local school, and classroom personnel in a vertical relationship to assure that these efforts will have a direct impact on instruction.

6. Once appropriation levels for Federal education programs are set for a fiscal year, they should not be altered by administrative deferrals or rescissions.
7. The Federal government should not place on the state and local agencies and institutions legislative mandates which create expectations not readily achievable without the commitment of substantial resources. At this time of fiscal crisis, if such mandates are to be legislated and enforced, the Federal government should provide assistance to state and local agencies and institutions to help meet the expressed needs.
8. Federal funds should be administered through state education agencies so that these funds can be linked with state and local resources for coordinated support of education. A larger percentage of Federal funds should be used to develop state plans for the use of funds, administration of funds, monitoring of programs, and evaluation of programs. Federal regional services offices should be discontinued in order to provide a direct relationship between the states and the U.S. Department of Education in the administration of Federal programs.
9. Federal programs administered by agencies other than the Department of Education and having direct impact on education should be coordinated with existing education programs at both the Federal and state levels. Federal funds should not be

used to establish duplicative or competing education or training programs.

Federal Support of Nonpublic Education

The critical fiscal plight of public education is shared by the nonpublic sector. In recent times, parents of children attending nonpublic schools and the administrators and teachers in those institutions have sought assistance from Federal and state governments by way of funds and services. The Regents of New York State have overall responsibility for the education of all children. In fulfillment of that obligation, we have endorsed governmental assistance to the pupils in nonpublic schools within certain guidelines.

Legislation to aid children in nonpublic education should not jeopardize the welfare, stability, and adequacy of support for public schools.

Such legislation should be effective in providing meaningful opportunities to children of lower-income families who, of all groups, have the least choice about when and where their children are to be educated, and to middle-income families whose resources are strained by high tuition costs.

Public support of nonpublic education must be sufficient to maintain a pluralistic system adequate in quality and economical in operation, but not so large as to jeopardize the independence of nonpublic schools, to dry up sources of private and philanthropic support, or to encourage organization of new schools with the purpose or effect of increasing racial separatism.

Such legislation should require accountability for public funds received, contain safeguards against racial and social class isolation in the nonpublic schools, prohibit use of public funds for any sectarian purpose or function, and provide for nondiscriminatory admission policies except where permitted by law on the basis of creed.

All nonpublic schools receiving public funds should meet standards of quality prescribed by state and local authority. The Federal government should not intervene in setting such standards.

Finally, such legislation must conform to constitutional principles enunciated by the courts or have reasonable prospects of being approved by the courts in the event of a challenge.

We commend the Federal government on the programs and services which bring education benefits to children in nonpublic schools.

Relief From the Paper Blizzard

A continuing task of the regulatory process is analysis of existing regulations to determine how they can be simplified to reduce paperwork. The paperwork burden imposed by Federal regulations upon state and local education agencies and institutions of postsecondary education continues to grow. Requirements for data collection and recordkeeping as part of state and local administration of Federal programs constitute a blizzard of paperwork. The problem is especially acute for small and poorer institutions and in modest programs in which the administrative work overwhelms the projects. There is an urgent need to simplify regulations to minimize paperwork.

We were instrumental in bringing about enactment of the "Control of Paperwork" amendment to Title IV, General Education Provisions of the Education Amendments of 1976 (Sec. 406 (g)).

Regulations have been promulgated and the new Federal Education Data Acquisition Council has been appointed and is operating. Progress has been made despite the lack of appropriations under Sec. 400A(g). We urge that continued efforts be directed toward minimizing or eliminating burdensome requirements for collecting and reporting data, and that sufficient appropriations be made under Sec. 400A(g).

The Education Amendments of 1978 took a further step in expanding on this notion by providing a more comprehensive approach to the control of paperwork. We look forward to the rapid development of regulations in this area and urge that continued efforts be directed toward minimizing or eliminating burdensome requirements for collecting and reporting data. The following principles should be considered:

1. Federal programs should provide for multiyear state and local plans and applications with annual updates required only to reflect significant changes. Repetitive annual state and local plans and applications create volumes of unnecessary paperwork since few substantive changes occur from year to year.
2. The Federal administration of programs aimed at the same populations should be consolidated within agencies, and coordinated among agencies. The lack of a centralized system of grants and program management at the Federal level intensifies problems of communication and administration faced by state and local education agencies.
3. Whenever possible, state and Federal data collection activities and deadlines should be coordinated. The U.S. Department of Education should be allowed to negotiate agreements with

individual states where state law and Federal data requirements are not compatible.

4. A stronger Federal-state cooperative system of data collection should be developed in education similar to existing systems in other Federal agencies such as the Department of Labor, the Bureau of the Census, the Law Enforcement Assistance Administration, and the Department of Agriculture. Building streamlined information systems in state education agencies will substantially improve the reliability and timeliness of educational statistics at both the state and Federal levels while reducing the data burden placed on local education agencies.

III. POSTSECONDARY EDUCATION

The conditions for higher education in New York in the 1980's will differ significantly from those prevailing in the 60's and 70's. New York State's policies with respect to higher education will be influenced heavily by the expected economic and fiscal condition of the State and by the changing composition of its population.

New York's current economic condition is one of relative decline. Restoring New York's economic health, and thereby improving the State's fiscal condition, are among our highest goals.

Such conditions have serious implications for higher education in New York State. The outlook for short-term increases in State fiscal support for higher education is not assured.

In addition, the population of New York is changing. Children of the "baby boom" are moving out of the traditional "college-age" group (18 to 24 years old). Full-time undergraduate enrollments in New York's public, independent, and proprietary degree-granting institutions are projected to decline by between 20 and 35 percent by 1994. This projection is based on known declines in elementary and secondary school enrollments caused by demographic changes. The proportion of traditional "college-age" persons who are non-white, low income, or academically underprepared is projected to increase while the total size of that population group shrinks.

These circumstances will cause major changes in the nature of postsecondary education in New York State. The Regents and all of New York's degree-granting institutions now are planning to address those circumstances. The Regents goals in this process can be summarized in the concepts of access and quality. The need to maintain and extend access and choice in higher education, and to assure the continued quality of the postsecondary education enterprise, under different and difficult conditions, is paramount. In 1980, a new

statewide plan for postsecondary education will be promulgated. The role of Federal higher education programs, and of the Federal government generally, will be significant in affecting the shape of this plan. The Regents have taken these circumstances into account in preparing the following recommendations for reauthorization and amendment of the Higher Education Act.

Major Issues

With the impending reauthorization of the Higher Education Act as amended, a number of major postsecondary education issues await action by the 96th Congress. Policy choices regarding statutes and appropriations will determine the effectiveness of the state/Federal/institutional partnership in postsecondary education in the 1980's, as well as the degree of access and choice available to postsecondary students. A number of major postsecondary issues and concerns flow from the experience of the 1970's in postsecondary policymaking at the state, Federal, and institutional levels. While other issues and problem areas are worthy of consideration, the Regents believe that those discussed below are of highest priority in determining the quality and direction of the state and Federal roles in assisting postsecondary institutions and their students.

- Federal legislation should recognize the expanding roles, responsibilities and efforts of states in planning, coordinating, and financing postsecondary education. Federal programs of postsecondary assistance should achieve maximum efficiency and cost-effectiveness by building upon and being coordinated with state programs and administrative procedures serving the same populations. Allocation formulas providing Federal postsecondary assistance should recognize the diversity among states with respect to fiscal capacity, effort, and economic conditions such as costs. The diversity of postsecondary institutions among and within states also should be recognized.

Table 1, which follows, summarizes the limited role now played by the states in planning for, and administration of, programs authorized in the Higher Education Act. States play a significant role in the administration of only about 3 percent of Fiscal Year 1979 appropriations for the Higher Education Act's programs. Yet, state revenues provide between 30 and 40 percent of all Federal, state, and local expenditures for postsecondary education.

- The patchwork of Federal requirements for state planning in many areas of postsecondary education should be interrelated and coordinated with comprehensive postsecondary planning at

TABLE 1
AUTHORIZATION VERSUS APPROPRIATION IN
PROGRAMS UNDER THE HIGHER EDUCATION ACT

(in thousands)

			FY 1979	
		<u>Auth.</u>	<u>Appr.</u>	<u>Admin.</u>
I.A	Community Services	\$40,000	16,000	State
I.B	Lifelong Learning	40,000	—0—	
II.A	College Lib. Resources)	120,000	9,975	
II.B	Career Training			
II.C	Research Lib. Resources	20,000	6,000	
III.	Devel. Institutions	120,000	120,000	
IV.A.1	BEOG	Entitlement	2,600,000	
IV.A.2	SEOG	340,000	340,000	
IV.A.3	SSIG	50,000+	76,750	State
IV.A.4	TRIO	200,000	140,000	
IV.A.5	Educ. Information	40,000	3,000	State
IV.A.6	Cost of Education	Entitlement	—0—	
IV.B				
IV.C	College Work Study			
IV.D	Vacant			
IV.E	NDSL	400,000	310,500	
V.A	Teachers Corps	100,000	37,500	
V.B	Teachers Training	75,000	12,625	
VI	Undergrad. Equipment	70,000	—0—	State
VII	Facilities	580,000	—0—	State
VIII	Coop. Education			
IX.A	Grad. Programs	Entitlement	50,000	
IX.B	Grad. Fellowships	Entitlement	8,000	
IX.C	Pub. Serv. Fellowships	Entitlement	4,000	
IX.D	Mining Fellowships	Entitlement	4,500	
X.A	Comm. Colleges State Plans	15,700	—0—	State
X.B	Expand Comm. Colleges	150,000	—0—	
XI.	Law Sch. Clinical Exp.	7,500	2,000	
XII.	Comp. Planning	2,000+	3,500	State
	Total Higher Ed Act	5,064,950	3,697,350	73.0%*
NDEA	Foreign Studies	75,000	20,000	
VI.		75,000	13,000	
FIPSE				
	Total Higher Ed.	5,214,950	3,730,350	71.5%*
	Total Adminis. by State Agencies	925,950	99,250	10.7%*
	Percent Adminis. by State Agencies	17.8%	2.7%	

* This figure is the percentage of actual Appropriations made compared to Authorization levels.

Source: Derived from material prepared by Education Commission of the States.

the state level to ensure effective use of Federal and state resources. Federal legislation should require that state planning done in the context of Federal postsecondary education programs be related to comprehensive state planning for postsecondary education.

- As inflation continues to impact on postsecondary education costs and as enrollments decline, Federal programs of postsecondary assistance must be reassessed and new initiatives explored to preserve quality, balance, and diversity in postsecondary education.
- In all sectors of postsecondary education, inflation has increased postsecondary costs significantly over the last several years. The need for expansion of Federal initiatives providing student financial assistance is critical. The Basic Educational Opportunity Grant, Supplemental Educational Opportunity Grant, and State Student Incentive Grant programs are of major significance in providing access and choice to disadvantaged and middle-income students. In expanding these programs, emphasis should be placed on clearer definitions of program objectives and refinement of program administration, as well as simplification and coordination of programs. State, Federal, and institutional programs should fit together in a coherent package. A more effective state/Federal/institutional partnership in the operation of these programs should be developed.
- Federal programs of postsecondary assistance are targeted to nationwide problems which are, in many respects, unique at state and local levels. States can best respond to the particular circumstances. Consolidation and simplification of programs should be accompanied by decentralization of administration of postsecondary assistance programs to the state level. Student aid programs, as well as programs for outreach, guidance, counseling, remedial services, testing, and referral services for disadvantaged students lend themselves to decentralized administration when they are structured to accommodate interstate variations in postsecondary needs. Federal law should establish the public policy objectives to be achieved by such programs. Within broad guidelines, states should be authorized to establish appropriate structures and procedures to carry out these objectives in the context of their own circumstances and organizational patterns.
- Federal postsecondary education programs should respond to the needs expressed by large numbers of adults currently seeking postsecondary education. Postsecondary educational oppor-

tunities for adult learners provide increased workplace capabilities for those already employed, as well as career re-training and personal enrichment. Business and industry have made substantial financial commitments to support the further education of adult learners. The Federal government should underwrite that commitment by expanding support to institutions and adult learners for full- and part-time study.

- Economic, social, and political trends of the late 1970's, extending into 1980's, indicate that the demand for highly trained decision-makers and technicians will be substantial in the future. State and local tax bases already are subjected to a number of constraints which preclude dramatic increases in funding from these sources to provide the graduate level training necessary to meet this national need. More Federal assistance for graduate institutions should be a national priority.
- In order to provide postsecondary education which is relevant and meaningful in the context of the 1980's, increased interaction is needed between systems of education and work. Federal programs of postsecondary assistance should provide incentives for such cooperation. A national priority for increased partnership between postsecondary education and work should include expansion of existing work study programs to enhance students' career experience and to provide student financial assistance.

The Regents urge attention to these postsecondary educational priorities on a national level to ensure a comprehensive and effective program of postsecondary assistance.

Financing Postsecondary Education

Planning for postsecondary education must take into account all resources available for use in achieving established goals. No national plan for financing postsecondary education can make sense if it fails to take sufficient account of state and regional differences. In particular, Federal funding formulas must recognize the differences among states in tax effort, fiscal capacity, and fiscal commitment to public services. Differences in the cost of services must also be recognized.

In recent years, the northeastern region of the nation has suffered from severe economic stress. New York for example, had 210,000 fewer private sector jobs in January 1978 than in January 1973, a decline of 3.7 percent. Between 1970 and 1977, New York experienced a net outmigration of some 300,000 persons. Even with this

net outflow of population, New York State continues to serve national goals by functioning as one of the major entry points for those population groups most likely to need a disproportionately high level of educational expenditures in order to bring them into the mainstream of society: the poor, racial and ethnic minorities, and persons whose native language is not English. Tables 2 and 3 provide selected indicators of New York's economic condition and tax effort relative to that of the nation.

New York has not shirked its responsibility to assist these persons and to provide postsecondary educational opportunities for all. New York State contains 251 out of the approximately 3,000 postsecondary institutions listed in the current edition of the *Education Directory* published by the Department of Health, Education and Welfare. In the fall of 1979, the Regents estimate that New York's degree-granting institutions have enrolled over 940,000 students, more than eight percent of all the postsecondary students in the nation. New York has both highly developed public and independent postsecondary education institutions. Over one-half million students are enrolled in our public universities. Almost 44 percent of our postsecondary students are enrolled in our nonpublic institutions. They constitute almost 16 percent of all students enrolled in private postsecondary institutions nationwide.

New York State has made a very heavy financial commitment to support postsecondary education. In 1978-79, total current fund expenditures for higher education were approximately \$4.5 billion including State tax-levy funds of more than \$1.5 billion. Table 4 displays New York State appropriations for postsecondary education for the State fiscal years 1975-76 through 1979-80.

TABLE 2

NEW YORK STATE AND THE NATION: SELECTED COMPARISONS FOR 1963 THROUGH 1978

	New York as a Percent of The United States				
	1963	1975	1976	1977	1978
Population	9.3	8.5	8.4	8.3	8.2 ^{a,c}
Personal Income	11.5	9.6	9.5	8.9	8.7 ^c
Employment	11.0	8.9	8.6	7.9	7.7
Per Capita Personal Income Minus Transfers	123.7	108.8	105.9	104.9	103.3 ^a
State and Local Government Taxes per \$1000 of Personal Income	113.1	135.6	138.9	138.0	
Property Taxes per \$100 of Personal Income	109.4 ^b	134.0	138.1	138.7	

^a Second Quarter Estimates.

^b 1962 data.

^c Our estimates based on 1976-77 population growth rates.

SOURCES: U.S. Bureau of the Census, *Governmental Finances, 1963-1977* Table 26, U.S. Government Printing Office, Washington, D.C.; U.S. Bureau of the Census, *Census of Population General Social and Economic Characteristics*, Final Report PG(1)-C1, U.S. Summary, U.S. Government Printing Office, Washington, D.C.; 1960 and 1970 U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings, States and Areas, 1939-74*, *Employment and Earnings* July and August, 1978, 1977, 1976, 1975, U.S. Department of Labor, Bureau of Labor Statistics; U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, December 1965, p. S-2, August 1977, p. 8, Table 10, and Aug. 1978, p. 15, Table 1; and U.S. Department of Commerce, Bureau of Economic Analysis, *Regional Economic Information System*, Unpublished data, 1978, U.S. Bureau of the Census, *Current Population Reports*, Series p. 25, No. 727, July 1978, NYS Director of the Budget.

SOURCE: Syracuse University, Maxwell School of Citizenship and Public Affairs, 1970.

TABLE 3
GROWTH IN STATE AND LOCAL GOVERNMENT EXPENDITURES:
NEW YORK AND THE REST OF THE NATION

Year	New York State		Rest of the Nation		New York as a Percent of the Nation	
	Per Capita	Per dollar of Personal Income	Per Capita	Per Dollar of Personal Income	Per Capita	Per Dollar of Personal Income
1963	\$ 393.81	13.12	\$ 308.59	12.94	\$ 124.39	101.19
1964	458.18	15.38	352.29	14.96	126.50	102.46
1965	479.84	15.31	377.16	15.26	124.07	100.29
1966	530.11	16.31	411.96	15.47	125.33	104.76
1967	614.62	17.70	459.54	15.96	129.69	109.57
1968	703.89	18.50	493.33	16.12	137.37	112.91
1969	816.23	19.93	554.32	16.72	141.20	116.71
1970	919.35	20.61	626.04	17.28	140.87	116.81
1971	1075.50	22.71	700.48	18.39	146.51	120.40
1972	1238.72	24.80	762.08	18.94	154.02	126.71
1973	1319.41	25.03	819.41	18.71	152.90	129.29
1974	1448.20	25.17	891.92	18.08	154.13	134.06
1975	1611.14	25.49	1027.07	19.31	149.63	127.91
1976	1735.41	26.38	1140.37	19.69	152.18	133.98
1977	1795.24	25.35	1213.76	19.34	147.91	131.08

SOURCE: Governmental Finances in 1963-76, Series GF/No. 5, Tb 18. Tb 17 in 1963/64. Derived from material provided by Maxwell School of Citizenship and Public Affairs, Syracuse University, 1979.

TABLE 4
STATE APPROPRIATIONS FOR POSTSECONDARY EDUCATION
STATE FISCAL YEARS FOR 1975-76 THROUGH 1979-80
(in millions)

	1975-76		1978-79		1979-80		Change 1975-76 to 1979-80	
	amount	percent	amount	percent	amount	percent	amount	percent
State University of New York ^{1,2}	\$ 667.4	54.3	\$ 787.8	51.7	\$ 818.4	51.3	\$ 151.0	22.6
City University of New York ³	140.4	11.4	166.9	10.9	177.3	11.1	36.9	26.3
Community College ³	148.0	12.0	164.2	10.8	171.0	10.7	23.0	15.5
Aid to Independent Institutions								
Bundy Aid	57.4	4.7	68.0	4.5	68.0	4.3	10.6	18.5
Health Professions	19.0	1.5	16.6	1.1	13.8	0.9	(5.2)	(27.4)
Special Grants ⁴	.8	0.1	1.8	0.1	2.5	0.1	1.7	212.5
Student Aid								
TAP	103.5	8.4	238.2	15.6	253.6	15.9	150.1	145.0
All other	29.5	2.4	21.5	1.4	31.1	2.0	1.6	5.4
Programs for the Disadvantaged	44.2	3.6	36.9	2.4	38.1	2.4	(6.1)	(13.8)
Other NYSED	7.9	0.6	10.0	0.7	9.5	0.6	1.6	20.3
Other SUNY	2.2	0.2	2.9	0.2	3.6	0.2	1.4	63.6
Other State Agencies	9.4	0.8	9.6	0.6	7.6	0.5	(1.8)	(19.2)
TOTAL APPROPRIATION	\$1,229.7	100.0	\$1,524.4	100.0	\$1,594.5	100.0	\$ 364.8	29.7
State Revenues	\$9,974.0		\$11,974.0					
Total Higher Education Current Fund Expenditure (from all sources)	\$4,043.0		\$4,520.0(est.)					
Total Approp. % of State Rev.	12.3%		12.7%					
Total Approp. % of Total Exp.	30.4%		33.7%					

¹ Regular Operations Adjusted.

² Excludes Community Colleges.

³ Includes both SUNY and CUNY Community Colleges.

⁴ Einstein-Schweitzer Chairs, Education of Native Americans, Vermont/Sackler Medical Contracts, Regional College Cooperative Service Boards.

SOURCE: NYSED, Postsecondary Education Systems (7/25/79).

Higher Education Act of 1965

Comprehensive Statewide Planning

If the goal of making postsecondary educational opportunities accessible to all persons is to be achieved, states must continue to strive to improve the quality of their comprehensive planning. The efforts of the Federal government should build on the efforts of the states. Congress recognized this in 1972, when it added Title XII to the Higher Education Act, authorizing states to establish State Postsecondary Education ("1202") Commissions to carry out comprehensive statewide planning for postsecondary education. In the ensuing years, Congress has reinforced its position by appropriating modest but important funds to support the activities of such commissions. Currently, all but two states have established commissions pursuant to Title XII to carry out comprehensive statewide postsecondary planning activities.

In New York, the Board of Regents is the State Postsecondary Education Commission. As such, it has been able to coordinate State and Federal policies and programs within the framework for comprehensive long-range planning that has been authorized by State law since 1961. That framework serves to assure a coordinated planning effort by all public, independent, and proprietary postsecondary institutions in the State in support of public policy goals.

It has become increasingly clear that the conditions facing postsecondary education, the states, and the Federal government in the 1980's will differ significantly from those of the preceding two decades. More, rather than less, coordination among Federal, state, and institutional programs will be necessary. The comprehensive statewide planning activities that have been performed by State Postsecondary Education Commissions will be increasingly important. Federal incentives should be provided to build increased planning and coordination capacities in all states.

Recommendation:

The Regents recommend that the functions now performed by State Postsecondary Education ("1202") Commissions be continued. Further, there should be a consolidation of those functions and the basic provisions for the relationship between the states and the Federal government in planning for and administering a number of the separate programs authorized under the Higher Education Act: Community Service and Continuing Education (Title I); Undergraduate Instructional Equipment grants (Title VI); and Construction,

Renovation, and Modernization of Academic Facilities (Title VII). Funding for these planning functions should be increased substantially over the \$3.5 million provided in fiscal 1979 for 1202 Commissions.

The House Act, H.R. 5192, and its companion, S. 1841, as introduced, offer a partial solution to the consolidation of Federal planning requirements. The Regents support the general approach proposed. These bills would eliminate 1202 Commissions as such and replace them with a system of agreements between states and the Secretary under Section 1203. Each state would designate a state agency responsible under state law for comprehensive statewide planning for postsecondary education. This approach gives flexibility to states in establishing planning mechanisms that fit their unique circumstances and organizational patterns.

This system has the advantage of opening the planning process to all types of postsecondary institutions and to a variety of postsecondary constituencies. The concept of flexible agreements also permits cooperation among the several state agencies that may be responsible for student assistance, governance, and coordination of postsecondary education within a state.

Unfortunately, these bills do pose two major difficulties as they consolidate planning requirements. First, the funding levels proposed fall far short of the levels required. Second, the bills would reduce substantially the flexibility needed in planning to ensure the efficient use of resources by requiring that not less than 50 percent of the funds provided be used for planning for continuing education.

Comprehensive statewide planning activities, such as data collection, program review, and assistance in institutional planning, should not make a distinction between efforts for adults and for other students or potential students.

Recommendation:

The Regents recommend that the 50 percent set aside for planning for continuing education, in H.R. 5192 as reported, and in S. 1841 as introduced, be eliminated if this general approach to comprehensive statewide planning is enacted.

Community Service and Continuing Education—Title I

The Regents recognize the important contribution of postsecondary institutions in developing solutions for community problems and in providing lifelong learning opportunities to meet the challenges facing American society.

The Regents encourage postsecondary institutions to work in cooperation with labor, industry, government and all other elements of society in order to address economic and other major issues. Title I-A of the Higher Education Act provides funds for community service programs to assist in the solution of a variety of urban, suburban and rural problems. During the 1978-79 academic year, more than 30 colleges and universities in New York State were awarded funds under this program. However, the FY 1979 appropriations bill provided 11 percent less funding for Title I-A than the preceding year. The FY 1980 appropriations bill provided a further reduction of 37.5% from the FY 1979 level.

Title I-B contributes to the support of lifelong learning opportunities for the adult population. The urgent need for lifelong learning opportunities provided by Title I is increased by accelerated rates of social and technological change. Social changes have made new roles available to minorities, women, and older Americans. The explosion of academic and technical knowledge has contributed to educational obsolescence in every discipline and in every occupation. In the 1980's context of rapid change, education cannot serve society if it terminates with the acquisition of entry-level skills for employment. Lifelong learning is essential to meet changing social and technical, as well as physical and psychological, needs.

A major form of lifelong learning contained in the Higher Education Act's Title I is the upgrading and expansion of adult workplace skills. Particularly in times of high unemployment, lifelong learning offers a low-cost alternative to the traditional *ad hoc* expansion of the unemployment insurance system, or to creation of limited public service jobs, in order to improve the quality of work and the condition of the labor force. Used in this fashion, lifelong learning can reduce underemployment, welfare costs and structural inequities in the educational system. Despite the intensity of this need and the program's potential utility in contributing to the solution of major national problems, no appropriation for Title I-B has ever been made.

The Federal government already has made a significant investment in lifelong learning, but potential economic benefits are not being realized. One reason for this low investment return is the lack of comprehensive postsecondary planning caused by statutory separation of the Higher Education Act's Title I programs and allocations. Another reason for reduced returns is that the partnership between education and work has not been adequately defined. Too often, these sectors have operated as separate and independent systems. The enactment of the Youth Title of the Comprehensive Employ-

ment and Training Act has improved local-level cooperation between manpower authorities and educational institutions. The Act also establishes an initial and necessary link between education and work. This link can provide a basis for a system of lifelong education for American workers.

Recommendations:

1. In order to assure the planning and coordination that will maximize returns on the Federal investment in lifelong learning, Title I-A and Title I-B should be consolidated into a single program to support lifelong learning efforts by postsecondary educational institutions. Coordination among effective institutional and community programs that complement one another (especially programs funded under the Comprehensive Employment and Training Act) should be emphasized. Combining the two authorizations should also make planning for lifelong learning an integral part of state comprehensive postsecondary planning.
2. With the consolidation of Titles I-A and I-B, funding for Title I should be increased significantly over the FY 1980 appropriation. It should continue to include the costs of the states to administer the program.
3. The intent of Title I is to serve an adult target population which is not uniformly distributed across states. The base allocations for each state and territory should be eliminated. Allocations should be made solely on the basis of the target population of adults (18 or over) in each state.
4. Discretionary grants should be made available to states to assist them in evaluating both the state plan for the Title I programs and all state Title I projects.
5. Discretionary grants should be made available to states to enable them to examine how continuing education and lifelong learning activities can be combined.
6. The Secretary of Education should be authorized to waive the requirement that postsecondary institutions match from non-Federal sources funds provided for the support of projects specifically designed to complement CETA-funded projects and similar projects providing training and retraining for out-of-work adults.

Urban Grant Universities

Another effort at improving the partnership has been the Urban Grant University Act proposed in the 95th Congress. That legislation would have added a part authorizing the designation of certain postsecondary institutions as Urban Grant Universities to Title I. The Act would have authorized funding to support efforts of such institutions to aid in seeking answers to urban problems and in

making their educational, research, and service capabilities more readily available to urban communities. This type of legislation supports the Regents' emphasis on greater cooperation enriching institutions and other elements of society. A similar program is included in H.R. 5192, as reported in the House, and in S. 1841, as introduced in the Senate.

Recommendation:

A program of support for Urban Grant Universities similar to that proposed in H.R. 5192 and S. 1841 should be enacted. The program should assist public and independent institutions in urban areas in making their resources more available to urban communities.

Disadvantaged Students and the Institutions that Serve Them

In the past decade, institutions, states, and the Federal government have made a special effort to extend to educationally and economically disadvantaged persons opportunities to participate in postsecondary education. Such efforts include open admission policies, expansion of community colleges, and the development of special programs to provide financial and educational assistance to disadvantaged students. During the 1980's, the number of potential students from low-income, culturally different, and disadvantaged backgrounds is expected to grow as overall undergraduate enrollments decline. The Regents view improved support for these students and for the institutions that serve them as a critical concern.

Assistance to institutions serving significant numbers of educationally and economically disadvantaged students is authorized under several portions of the Higher Education Act. These portions are Title III and Title IV, Part A, Subparts 4 and 6.

The first of these, Title III provides Federal assistance for "developing institutions." These institutions, suffering under financial and academic handicaps, perform an important service by enabling large number of economically and educationally disadvantaged students to pursue postsecondary education. Title III gives special emphasis to aid for applicants when such assistance contributes to equalized postsecondary education. Title III gives special emphasis to aid for applicants when such assistance contributes to equalized postsecondary educational opportunities for Native American and Spanish-speaking students.

Title IV, Part A, Subpart 4 also aids institutions in assisting postsecondary students from disadvantaged backgrounds. This subpart authorizes grants and contracts to support the "TRIO" programs:

Talent Search, Upward Bound, and Special Services for the Disadvantaged. All of these programs are designed to support institutions in assisting disadvantaged postsecondary students. Their purposes are as follows:

- **Talent Search**—identifying in-school and out-of-school youths "of financial or cultural need with an exceptional potential for postsecondary educational training" to encourage them to complete secondary and enter postsecondary education.
- **Upward Bound**—providing skills training and motivation to high school students from low-income backgrounds "with inadequate secondary-school preparation" to enable them to succeed in postsecondary pursuits.
- **Special Services for Disadvantaged Students**—providing remedial and support services for enrolled college students of "deprived educational, cultural, or economic background, or physical handicap," or of limited English-speaking ability.

Subpart 4 also offers three additional programs which provide services to disadvantaged students seeking postsecondary educational opportunities. Two of these programs authorize Federal assistance to establish service centers for disadvantaged persons seeking or pursuing postsecondary education. The first is the Educational Opportunity Center (EOC) program. This program offers Federal support of up to 75 percent of the cost of establishing and operating EOCs serving areas with high concentrations of low-income persons. EOCs assist the disadvantaged in applying for postsecondary admission and for postsecondary financial assistance. They also provide tutorial help for disadvantaged postsecondary students. Centers serve postsecondary institutions by acting as recruiting and counseling pools to coordinate resources and staff assistance efforts of institutions in admitting educationally disadvantaged persons. One of the 22 EOCs established nationally is the Computer Based Educational Opportunity Center of The City University of New York.

The second Subpart 4 program serving a similar purpose is the Service Learning Center program. It offers Federal support for postsecondary institutions serving substantial numbers of disadvantaged students. This authorization underwrites 90 percent of the institutions' cost of providing remedial and other special services to disadvantaged students. Participating students would receive modest Federal stipends. This authorization has never been funded.

A final Title IV program, related in purpose to Title III, provides training for "staff and leadership personnel who will specialize in delivery of services to students" in the five programs previously described. Higher education institutions, public agencies, and non-

profit private organizations may conduct short-term training institutes or inservice training for such personnel.

The goals of Title IV, Part A, Subpart 6 also are similar to those of Title III and to Subpart 4. Subpart 6 authorizes direct cost-of-education payments to institutions of higher education under a formula. This formula is based on enrollment and on the number of students at each institution receiving Basic Educational Opportunity Grants. It also takes into consideration the amount of Supplemental Educational Opportunity Grant, College Work Study, and National Direct Student Loan funds received by the institution. Such payments may be as much as \$500 for each Basic Grant recipient plus an amount equal to 50 percent of the institutions' Supplemental Grant, College Work Study and National Direct Student Loan funds.

The program authorized by Title III and Title IV, Subparts 4 and 6 aim at expanding access to, and enhancing success in, postsecondary education for the disadvantaged. Yet they overlap with one another and with many New York State programs. For instance, Upward Bound, Talent Search, and EOCs all can provide services to disadvantaged youth with college potential. The fully State-funded Educational Opportunity Centers of the State University of New York provide similar services. Numerous community agencies, especially in major urban areas, provide such services as well. The services available through Special Services to Disadvantaged Students also are provided through New York State's own postsecondary opportunity programs. Many of the activities of the proposed Service Learning Centers already are partially subsidized through the State's opportunity programs, and many more are supported by regular institutional sources. Occasionally improper duplication, such as double counting of students, results. Clearly, greater coordination is needed if the available Federal and state resources are to be used with maximum effectiveness to increase postsecondary access for disadvantaged students.

Areas of overlap offer starting points for state-level coordination of these similar state and Federal programs. For example, cost-effective delivery of both state and Federal services to the disadvantaged would be achieved by coordinating Upward Bound's post-12th year summer program and the New York State Higher Education Opportunity Program's prefreshman summer assistance to disadvantaged students.

Consolidation

The authorizations contained in the Higher Education Act's Title III and Title IV, Subparts 4 and 6 serve similar purposes and are

targeted to the same population of disadvantaged students. Because education of the disadvantaged is a national policy priority, the Regents urge consolidation of these authorizations under a new Title to provide the most efficient and cost-effective aid extending post-secondary educational opportunity to the disadvantaged. The authorizations from these programs should be combined in a dollar-for-dollar incentive program of state-Federal matching. In consolidating these Titles, the new authorization should be no less than the previous total authorization for each categorical program. Appropriations for the new Title should equal the combined level of the previous year's appropriation for the categorical programs to be consolidated.

Consolidation of these programs would provide more flexibility for states which fund similar programs and maximize opportunities for the disadvantaged. This would be accomplished by providing state-level coordination of both state and Federal programs offering such services. Administration through a state planning process assures the use of Federal Special Services funds in an equitable, orderly, and nonduplicative way. A state plan should be required to enhance the impact of Federal and state funds. State planning will assure that all existing referral and service agencies, such as New York's State-funded EOCs or community agencies, are identified, strengthened, and taken into account in the planning process. Additional resources should be used to create new entities only where no existing constitution adequately performs such tasks.

Consolidation of these Titles should ensure reauthorization and expansion of the Upward Bound program. Once considered a prototype, Upward Bound has proved its effectiveness. Economic constraints on states and localities make it impossible to provide resources from their narrower tax bases to replicate Upward Bound's success. Increased Federal assistance is required if the program's objectives are to be widely achieved. To ensure more effective program administration, the new Title should allow flexibility for states which have established their own criteria to define educationally and economically disadvantaged populations.

Recommendations:

1. The Regents recommend that aid to institutions now authorized by Title III and by Title IV, Part A, Subparts 4 and 6 be placed in a new, revised Title III. That new Title should focus on aid to institutions enrolling substantial numbers of students, of all ages, who are both educationally and economically disadvantaged. The new Title would assist such institutions in serv-

ing the present academic and cultural needs of these students and in planning to adapt to meet their future needs.

2. The Regents recommend that the revised Title III have three parts:

(a) Part A would authorize a program of aid to states that establish programs to assist public and independent institutions in serving educationally and economically disadvantaged students. Such an incentive program, similar to the State Student Incentive Grant program, would require states to match Federal funds on a dollar-for-dollar basis. This new program would replace the program of cost-of-instruction grants now authorized by Subpart 6 of Part A of Title IV at the authorization level provided in the 1972 Education Amendments.

(b) Part B would authorize the programs now authorized by Subpart 4 of Part A of Title IV, in the following format:

i. EOCs would be combined with Talent Search and administered under a state plan adopted by the state 1202 commission.

ii. Upward Bound would be continued and strengthened. The U.S. Secretary of Education should have the ability to adjust program eligibility criteria under certain conditions. The Secretary would have discretionary power to adjust eligibility criteria in states having established criteria to define the educationally and economically disadvantaged for potential postsecondary populations.

iii. To devise procedures providing maximum cost-efficiency for the new Title, the U.S. Secretary of Education would be required to contract with not less than two or more than four state 1202 commissions to conduct pilot projects for the administration of Special Services for Disadvantaged Students activities.

iv. Because the activities of Service Learning Centers are part of the mainstream services higher education institutions provide and are used by many students who are not disadvantaged, that program should not be reauthorized. The authorization should be transferred to Special Services for the Disadvantaged and Talent Search/Educational Opportunity Centers.

v. The authorized training activities should be continued and funded. Eligibility for these activities should be expanded to include not only those working in federally funded programs, but also those in state or institutional programs which (in the judgment of the U.S. Secretary of Education, with the advice of the state 1202 commission) have essentially similar missions and serve essentially the same clientele.

(c) Part C would replace the present program authorized by Title III. This new program would assist and strengthen institutions enrolling significant numbers of educationally and econom-

ically disadvantaged students, and participating in state programs for such students eligible for support authorized in Part A. The present authorization for Title III would be retained for Part C.

Student Financial Aid Programs—Title IV

Student assistance is one of the most effective ways to meet the state and national goals of expanding access and choice to ensure that no student is barred from postsecondary education for economic reasons. Student assistance is both a state and a Federal responsibility. An adequate student aid system cannot be developed without an effective state/Federal/institutional partnership in both student aid funding and delivery.

The Regents are concerned especially that Federal, state, and institutional assistance programs, together with family contributions, fit into a set of clearly defined long-range objectives. Federal programs should be shaped by these guidelines. Federal grants to students in combination with direct payments by students and families should equal half the cost of postsecondary attendance. Other Federal assistance programs, such as loans and work study, together with state and institutional student aids and family or student loan obligations, should provide the remaining half of postsecondary student attendance costs.

Although programs of postsecondary financial assistance are the primary way in which the Federal government provides postsecondary support, states have an important role to play.

Even though all states now have some form of student assistance program and Federal funding has increased, the concept of a Federal/state/institutional partnership to provide student aid ensuring access and choice to economically disadvantaged students remains unfulfilled.

New York State's own program of student financial assistance is broad, comprehensive, and the largest in the nation. New York has an extensive network of low tuition public postsecondary institutions as well as tuition assistance grants for low and middle-income students at public, independent, and proprietary postsecondary institutions; scholarships for able students; and State-guaranteed student loans. New York's State-guaranteed student loan program was initiated seven years before establishment of the Federal Guaranteed Student Loan Program.

New York State's student financial aid programs for 1978-79 totalled \$702.9 million. That figure included: \$232.9 million for Tuition Assistance Program awards, \$19.6 million for other grants and

scholarships, and guarantees and subsidies covering loans worth \$450.4 million. Grants and scholarships were provided to almost 400,000 students. These accounted for one-third of all funds expended by all the states for student aid grants. Nearly 236,000 student loans were approved, including about 116,000 for first-time borrowers. Some of these programs are supported partially by Federal funds through the Guaranteed Student Loan Program and the State Student Incentive Grant Program.

For FY 1979, Federal appropriations for six major Title IV programs (Basic Opportunity Grants, Supplemental Educational Opportunity Grants, State Student Incentive Grants, Guaranteed Student Loans, National Direct Student loans, and College Work Study) exceed \$5 billion and will serve approximately 5 million students. State student aid programs will provide another \$810 million and institutionally funded programs will provide another \$1 billion. The magnitude of these programs, in both expenditures and numbers of students served, necessitates a closer relationship and understanding of the program and the roles of governments and institutions.

A continuing need exists for improvements in administration and coordination of the programs of student financial assistance contained in Title IV of the Higher Education Act and broadened by the Education Amendments of 1976 and the Middle Income Student Assistance Act of 1978. National reviews conducted in 1977 revealed significant problems and weaknesses in the administration of aid under these programs. For example, students must file multiple applications for Federal financial assistance. The various types of Federal programs serve defined needs, but they must be more effectively related to each other and more effectively provided to the students.

The development of policy and a growing portion of student assistance for postsecondary education occurs at the state level. States are more closely involved with institutions and students than is the Federal government, and are able to assist a wider range of citizens and students. Because of the state's role in the support of education and the provision of educational opportunity, states need to have a major role in coordinating student aid. Accordingly, where feasible, information dissemination and collection, processing, and program administration for student aid should be decentralized to the state level.

In operating student assistance programs, the Federal government should respect the diversity of state structures and laws for providing educational opportunity. Federal laws and guidelines for student

assistance should not limit different state approaches to achievement of national goals of educational opportunity.

Recommendations:

The Regents urge that priority be given to support of increased funding for the Basic Educational Opportunity Grant program, which is a national entitlement program. The Regents also urge that the other student assistance programs authorized in Title IV (the Supplemental Educational Opportunity Grant program, the State Student Incentive Grant program, the College Work Study program, and the Guaranteed Student Loan Program) be expanded. Specific recommendations for each of these programs follow.

Basic Educational Opportunity Grant Program

Subpart I, Part A

The Basic Educational Opportunity Grant program (BEOG) is the primary need-based student assistance program through which the Federal government fulfills its responsibility to ensure access to postsecondary education. The BEOG program is 100 percent federally funded. It is based on the concept that all students who need financial aid to attend an eligible postsecondary institution are entitled to receive grant assistance. Student eligibility is determined by the Federal government through a contractor, using an "eligibility index." The index is based on standard allowances as well as on income and asset expectations. Eligibility index figures are made available to the applicant, who is then free to arrange with any eligible institution for receipt of the Basic Grant. The amount of such a grant is subject to limits based on allowable costs of attendance at the chosen institution and on the eligibility index. The law provides for certain restrictions on student eligibility and for ratable reduction in years of less than full funding. Basic Grants are currently limited to \$1,800 or one-half of the allowable costs of attendance, whichever is less. The Department of Education publishes a Schedule of Payments which relates the eligibility index allowable costs to arrive at individual grant amounts. In FY 1979, the maximum grant was \$1,800. Total appropriations were \$2.5 billion.

The 1978 Middle Income Student Assistance Act altered the BEOG program significantly. It is anticipated that in academic 1979-80, the average Basic Grant will be \$944 nationally compared to \$820 for academic 1976-77. Two of the most important improvements made by that Act are:

1. Extension of Basic Grant eligibility from a maximum family-adjusted gross income of \$15,000 to \$25,000. This expanded eligibility is accomplished by lowering the income assessment rate from the current 20 percent on the first \$5,000 of discretionary income (and 30 percent of all incomes over that level) to an across-the-board 10.5 percent rate.
2. Expansion of Basic Grant eligibility for independent students. This is accomplished by treating their assets like those of families with dependent children and by treating the income of the single independent student (for purposes of subsistence) like that of all other students.

Despite these improvements in the BEOG program, several further revisions are needed. First, eligibility should be expanded to provide further access. This should be achieved by simplifying the eligibility index. Calculation of assets should be excluded from the index and allowances for other family members in postsecondary education should be increased. H.R. 5192 did provide some improvements in the area by modifying the calculation of assets but did not eliminate them. Eligibility is expanded further by equalizing the assessment rate which is applied to the incomes of both the families of dependent students and independent students. This provision does help to address the needs of the adult learner.

There are a number of reasons for excluding the asset test from the eligibility index. Assets cannot be equated with wealth as measured by disposable income. To include the value of nonliquid assets, particularly a home, in the calculation is inequitable. Such an asset test is nonverifiable and home values often are misrepresented, intentionally and unintentionally. It is also difficult to gauge the current market value of a home against the purchase price from a previous decade or earlier. Ownership of a home is more often related to whether a family lives in an urban or nonurban area than to family financial strength. Similarly, little relationship may exist between home ownership and ability to pay postsecondary education costs in the case of the single-parent family. Moreover, assets do not always produce disposable income. The proprietor of a small business may have substantial assets, yet realize little disposable income. In response to this inequity, the U.S. Office of Education in recent years has increased the portion of excluded assets for BEOG eligibility. This initiative has expanded BEOG eligibility not only in such cases, but also for middle-income families. More action in this area is essential.

Postsecondary assistance to middle-income families should also be broadened by increasing allowances for other family members enrolled in postsecondary education. Middle-income families are those

most likely to suffer financially under periods of "sibling overlap" in which more than one child is enrolled in postsecondary education.

A second necessary revision in the Basic Grant program relates to the \$1,800 ceiling on the grant award to each student. Although this maximum amount appears adequate for 1979-80, in an era of double-digit inflation, the intent of the law will not be realized if awards fail to reflect the effects of inflation on college-going costs. Between academic 1972-73 and academic 1978-79, cost of attendance increased in all sectors of postsecondary education. Nationwide, the increases ranged from 48 percent for commuting students at public two-year colleges, to 87 percent for commuting students at private two-year colleges. The average cost increase for all types of students in all types of postsecondary institutions was 65 percent during this period. (See Table 5.)

The House Act, H.R. 5192, would provide a phased-in increase in the Basic Grant. The Act would increase the Basic Grant from \$1,800 in fiscal 1980 to \$1,980 in fiscal 1981, \$2,160 in fiscal 1982, \$2,340 in fiscal 1983, and \$2,520 in fiscal 1984 and thereafter. The Regents support these proposed Basic Grant increases.

The Act also would increase the proportion of the cost of attendance that a Basic Grant could cover from the current 50 percent to 55 percent in fiscal 1981, 60 percent in fiscal 1982, 65 percent in fiscal 1983, and 70 percent in fiscal 1984 and thereafter.

We note that the Department of Health, Education and Welfare has estimated the costs of the expanded Basic Grant program under this Act could be \$5 billion in fiscal 1981. This is an increase of \$2.6 billion over current costs. In subsequent years, the cost would continue to rise. Such large sums make it increasingly unlikely that Congress will fully fund the Basic Grant program. Awards are ratably reduced in any year in which funds are insufficient to meet all entitlements. The effect of ratable reduction in Basic Grants will fall most heavily on middle income students, to whom Basic Grants were extended by the Middle Income Student Assistance Act of 1978. The number of recipients of Basic Grants whose family incomes are above \$19,400 would be reduced from 821,000 under full entitlement to 313,000 if ratable reduction became necessary. That reduction amounts to almost 62 percent of such persons served by the Basic Grant program. It also appears that an effect of such ratable reduction would be to shift Basic Grant funds from states with a high cost of attendance, such as New York, to states with relatively lower attendance costs.

Under these circumstances, the Regents are not convinced of the

TABLE 5

**ILLUSTRATION OF EFFECT OF INFLATION ON COSTS
OF POSTSECONDARY ATTENDANCE* FOR RESIDENT
AND COMMUTING STUDENTS IN ALL SECTORS
ACADEMIC YEARS 1972-73 to 1978-79**

<u>Postsecondary Sector</u>		<u>1972-73</u>	<u>1978-79</u>	<u>Percentage Increase</u>
Public	Resident:	Unavailable due to insufficient sample	\$3,089	—
Two-Year	Commuter:	\$1,637	2,426	48%
Private		\$2,539	4,601	81%
Two-Year		2,088	3,922	87%
Public		\$1,984	3,273	65%
Four-Year		1,758	2,604	48%
Private		\$3,279	5,298	62%
Four-Year		2,743	4,577	67%
Average				65%

*Includes room, board, tuition, fees, books and supplies as well as necessary personal expenses (transportation, laundry, incidentals, etc.). In the case of commuting students, imputed rent and board were used in the computation.

Source: *Student Expenses at Postsecondary Institutions: 1973-74*, College Scholarship Service of the College Board, New York, 1973; *Student Expenses at Postsecondary Institutions: 1978-1979*, College Scholarship Service of the College Board, New York, 1978.

desirability of increasing to 70 percent the proportion of the attendance costs covered by a Basic Grant.

A third category of révisions in the Basic Grants program is needed to bring student aid into the statewide picture of postsecondary educational finance. Planning for student aid should be an integral part of statewide postsecondary planning in order to extend access and choice of institutions to students.

Use of a single application for both state and Federal grant programs will facilitate this planning process as well as reduce paperburden and turnaround time. However, present law permits only the few states which offer portable state awards to contract with the Office of Education to process applications. Because there are current variations in, and lack of parity among, state student aid programs, portability creates inequities in the treatment of similarly situated students. Portability can also permit, or even encourage, states to escape their responsibilities for providing adequate access to postsecondary education. States which tax themselves to provide nonportable programs to fulfill postsecondary responsibilities to their residents should not be denied the benefits of participation as contractors in processing BEOG applications.

New York State traditionally has been an "exporter" of college students. As Table 6 indicates, data from the National Center for Education Statistics for each of the years 1963, 1968, and 1975 show that the number of New York State residents enrolling in degree programs in other states was greater than the number of out-of-state residents enrolling in New York's degree programs. For 1975, the net outmigration of undergraduates was about 60,000 students. Yet, in that year, New York's colleges and universities enrolled close to one million students. New York State's appropriations to support postsecondary education exceeded \$1.2 billion.

New York State's Tuition Assistance Program will provide some \$253.6 million to students in 1979-80. The maximum undergraduate award is \$1,800. The average undergraduate award is estimated to be \$804. If 60,000 New York residents took average TAP awards to institutions in other states, the increased cost would be in excess of \$48 million, or 20 percent of New York State's current expenditures for the Tuition Assistance Program.

As competition for enrollments becomes more intense in the 1980's, the Regents will strengthen their opposition to any policies that would provide incentives for additional out-migration of students.

TABLE 6

IN- AND OUT-MIGRATION OF DEGREE-CREDIT
STUDENTS FOR NEW YORK STATE

1963, 1968, and 1975

Level of Student and Year	United States to New York State (in) (1)	New York State to United States (out) (2)	Net Migration (in-out) (3)
Undergraduate			
1963	33,498	75,047	-41,549
1968	49,300	109,821	-60,521
1975	54,054	111,781	-57,727
First-Professional			
1963	3,756	5,393	- 1,637
1968	3,352	7,495	- 4,143
1975	4,769	9,997	- 5,228
Graduate			
1963	11,836	10,329	+ 1,507
1968	16,772	18,665	- 1,893
1975	20,331	25,652	- 5,321
TOTAL			
1963	49,090	90,769	-41,679
1968	69,424	135,981	-66,587
1975	79,154	147,430	-68,276

Notes: (1) Negative net migration indicates net out-migration.

(2) Positive net migration indicates net in-migration.

Source: NYSED: *Residence and Migration of College and University Students in New York State, 1974-1976*.

Source of Basic Data: NCES/HEGIS.

Recommendations:

1. Because assets do not provide an equitable measure of ability to pay, the eligibility index should be simplified to exclude them. H.R. 5192 provides some improvements in this area by modifying the calculation of assets, but does not exclude assets. We would support the provision in H.R. 5192 which equalizes the assessment rate applied to the income of both the families of dependent students and independent students. To expand assistance for middle-income families, the eligibility index should be revised to increase allowances for other family members in postsecondary education.
2. The Basic Grant should be increased to \$1,980 in fiscal 1981, to \$2,160 in fiscal 1982, to \$2,340 in fiscal 1983, and to \$2,520 in fiscal 1984.
3. To increase efficient and effective postsecondary planning at the state level and to avoid penalties to states providing non-portable programs, the legislation would be amended to permit states with nonportable awards to contract with the Department of Education to process Basic Grant application.

Supplemental Educational Opportunity Grant Program Subpart 2, Part A

The changes which the Regents recommend for the BEOG program would improve access to postsecondary education. But equal postsecondary educational opportunity has two dimensions: access and choice. Access to the postsecondary system, without regard to the type of access, implies that class status rather than individual abilities, needs and career goals determines opportunities for higher education.

Through the Supplemental Educational Opportunity Grant (SEOG) program, the Federal government ensures eligible students access to a range of institutional choices and protects institutional diversity. The SEOG program is a 100 percent federally funded program to aid "qualified students, who for lack of financial means," would be unable to attend postsecondary institutions. Supplemental Grants are awarded to those students who qualify for little or no assistance from the Basic Grant program or who need assistance to attend a relatively high-cost institution.

To be eligible to receive a Supplemental Grant, a student must be determined by an institution to:

1. Be accepted for enrollment as an undergraduate or be an undergraduate in good academic standing;
2. Show evidence of academic and creative promise and capability of maintaining good academic standing;

3. Be of exceptional financial need; and
4. Be unable to attend the institution without such a grant.

Grants must not exceed one-half of the total amount of financial assistance awarded a student in an academic year (including Basic Grants, College Work Study, National Direct Student Loans, and state and private scholarships) or \$1,500, whichever is less.

For FY 1979, \$340 million has been appropriated for Supplemental Grants. This was an increase of \$70 million over the FY 1978 appropriation. The growth of the Basic Grant program has resulted in a shift of an increasing number of Supplemental Grants to students from middle-income families. During 1974-75, 5.3 percent of Supplemental Grant recipients were from families with incomes exceeding \$12,000. During 1976-77, 18.8 percent of the awards were to students from families over \$12,000. SEOG ensures choice for these middle-income students unable to attend higher tuition public and independent institutions without Federal assistance. Many of these higher cost institutions require students to assume a sizable self-help responsibility before any institutional grant funds, including SEOG, are awarded.

Several revisions in the SEOG program should be made to equalize its effectiveness and broaden eligibility. Despite the intent of the Supplemental Grant to ensure postsecondary educational choice for students in financial need, variations in the costs of attendance among the states have a disequalizing effect on the opportunities which SEOG funds provide. Changes should be made in the SEOG formula to reduce the substantial impact of interstate variations in attendance costs on the target population of undergraduates. SEOG funds should be allocated to the states based on the number of undergraduates in the state multiplied by the average cost of attendance at all institutions in the state. Within these state allocations, the Federal government should apportion funds directly to each eligible institution on the basis of institutional applications.

Because the type of student enrolled in postsecondary education is changing, eligibility for SEOG assistance should be broadened. There are significant numbers of adults who can benefit from postsecondary education. Society would benefit from their increased participation. The Supplemental Educational Opportunity Grant program requires that participating institutions "make rigorous efforts" to seek out and aid qualified youths of exceptional financial need and encourage them to continue their education at the postsecondary level. Postsecondary institutions cooperate with secondary schools and make conditional commitments of financial aid to qualified secondary school students. In order to expand postsecondary

educational opportunity for adults, a provision should be added to the Supplemental Grant program, paralleling that for qualified secondary school students. Such a provision should require institutions to "make rigorous efforts" to identify and aid qualified persons of any age, who are of exceptional financial need, and to encourage them to continue their education at the postsecondary level.

To accommodate new types of students, institutional flexibility and capacity to treat differently situated students must be increased. This could be accomplished by authorizing institutions to make Supplemental Grants to less than half-time students. These students, particularly adult learners with other responsibilities, are unable to commit larger shares of their time to education. These persons might be denied postsecondary educational opportunity if Federal assistance were not provided.

Recommendations:

1. To equalize the effectiveness of the Supplemental Grant program among states that vary in their costs of attendance, the Regents recommend that the SEOG funds be allocated by state based on the number of undergraduates in the state multiplied by the average cost of attendance at all postsecondary institutions in the state. The Federal government should apportion funds within that allocation directly to each eligible institution.
2. To expand educational opportunities for adults and to broaden their participation in society, a provision should be added to the Supplemental Grant program to require institutions to "make rigorous efforts" to identify and aid qualified persons of any age who are of exceptional financial need, and to encourage them to continue their education at the postsecondary level.
3. The Regents also recommend that institutions be authorized to make Supplemental Grants to students who are studying less than half-time.

State Student Incentive Grant Program

Subpart 3, Part A

Like SEOG, the goals of the State Student Incentive Grant program (SSIG) are to ensure equalized educational opportunity through choice and to encourage postsecondary diversity. SSIG is a highly successful Federal program which encourages states to develop or expand assistance to "substantially needy" students attend-

ing eligible postsecondary institutions. SSIG assistance is provided on a 50-50 state/Federal cost-sharing basis to stimulate states to commit resources to postsecondary student aid.

The Federal initiative through SSIG has had a significant impact on the growth of state efforts, particularly where states had minimal programs or none at all. Before SSIG was authorized in FY 1972, 23 states had grant programs. In FY 1979, all states and territories are participating in the SSIG program. Including state overmatch, state programs will appropriate approximately \$810 million in student assistance. These state grants will assist over 1 million students, many of whom are from middle-income families. Individual student grants are limited to \$1,500 (\$750 Federal share) per academic year. In New York State, SSIG funds provide partial support for the Tuition Assistance Program.

Many positive features of the program are related to its success. For example, states have flexibility to administer the program under broad Federal parameters. Legislation provides that the states use the funds for students on the basis of financial need. In doing so, states may comply with state policy within Federal criteria. States are responsible for awarding grants, subject to review of selection criteria by the U.S. Secretary of Education. Efficient program administration is provided because Federal and state funds can be handled jointly. Moreover, aid is distributed equitably among the states on the basis of student enrollment. Because of SSIG's flexibility and past success, increased funding for the program should generate additional state matching money.

Despite these improvements in the program, the ceiling on individual grants has not been raised since SSIG was first authorized in 1972. The impact of inflation on postsecondary education costs has been substantial in this six-year period (See Table 5). Percentage increases in costs of postsecondary attendance for both resident and commuting students in all postsecondary sectors ranged from 48 percent to 87 percent in the period from academic 1972-73 to academic 1978-79. Greatest increases were for attendance costs to such students attending private two-year postsecondary institutions. The mean percentage increase in these costs to both types of students in all sectors was 65 percent during this period. Given these effects of inflation on costs of postsecondary attendance, it appears incongruous in FY 1979 that the SSIG ceiling amount will be lower than the maximum Basic Grant. Without adjustments to reflect nationwide economic trends, the goals of the SSIG program cannot be met.

Recommendations:

1. The Regents recommend that the State Student Incentive Grant program be expanded significantly.
2. In order to reflect the effect of inflation on postsecondary education costs over the last six years, the Regents recommend that the ceiling on individual student SSIG grants be raised to \$1,800.

The College Work Study Program—Part C

The College Work Study program (CWS) originated in 1964 as part of the poverty program's Economic Opportunity Act. The U.S. Commissioner of Education received formal authority for the program in 1965 and CWS was reconstituted as part of the Higher Education Act's Title IV in 1968. The 1972 Education Amendments. . . original low-income eligibility requirement. . . deleted the original low-income eligibility requirement from the program. Replacing that low-income requirement was preferred assistance for students in "greatest financial need" as determined by the institution. Also included was an avowed intent to increase eligibility for middle-income students, particularly those enrolled in high-cost postsecondary programs.

The College Work Study program is an 80 percent Federal and 20 percent institutional cost-sharing program of institutional support. CWS provides part-time and vacation period employment for students. Students eligible for this self-help program "work their way" through postsecondary education with Federal and institutional assistance. Postsecondary institutions make work assignments available to their students. These jobs include, where possible, educationally significant work. All earnings from this employment must be applied toward the students' cost of attendance to supplement available aid from the Basic Grant program and other sources. Distribution of aid is similar to that for the Supplemental Educational Opportunity Grant program. Wages are paid to students by the institution (or by participating off-campus employers) based on current hourly rates. The institution or agency contributes 20 percent of the wages paid, and arrangements are made for withholding of income taxes. Institutions must maintain their previous overall level of student assistance in order to participate.

CWS has advantages both for students and institutions. Students needing assistance are spared the difficulty of a job search and are provided with work schedules which accommodate their academic schedules. Through CWS, they are able to contribute to their own academic support, often through work assignments related to their

career goals. Work Study also is a form of institutional aid. Post-secondary institutions receive substantial amounts of needed work performed at a fraction of its market value.

Demand for this program has grown significantly. This is especially true since the 1972 Education Amendments expanded both institutional and student eligibility. The newly eligible students included those attending at least half-time. The 1972 legislation also redefined the test of need to include more middle-income students. With college costs at some campuses approximating \$7,000 annually, CWS has assisted a large number of middle-income students in recent years. In 1976-77, about 28 percent of CWS funds went to students whose family income exceeded \$12,000.

Although the FY 1979 appropriation of \$550 million for College Work Study represents a \$115 million increase over the FY 1978 amount, the Regents urge further expansion of this highly successful self-help program. Costs of attendance at a four-year public and independent institution in academic 1978-79 are \$3,273 and \$5,298, respectively. The Regents stress the importance of providing Federal assistance which allows students, particularly middle-class students with entry level skills, to support their postsecondary academic experience through useful work of benefit to postsecondary institutions. In order effectively to target funds to eligible students and to accommodate interstate cost variations, the Regents recommend that CWS funds be distributed to institutions on the same formula as recommended for Supplemental Grants.

Recommendation:

The Regents recommend that the College Work Study program be expanded and that the same procedure used for distribution to institutions of Supplemental Grant funds be used to distribute College Work Study funds.

Student Loan Programs—GSLP and NDSL

Two major Federal student loan programs are authorized by the Higher Education Act. These are the Guaranteed Student Loan Program (GSLP) and the National Direct Student Loan (NDSL) program.

Guaranteed Student Loan Program—Part B

Created by the Higher Education Act of 1965, the Guaranteed Student Loan Program is the larger student loan program. GSLP

refers to both state and private nonprofit guaranteed programs and to the Federal Insured Student Loan program (FISL).

Through the GSLP, capital is provided by participating lending institutions such as banks, credit unions, and insurance companies. For students who qualify, interest under GSLP is paid by the Federal government during in-school, grace and specified deferment periods. Federal loan funds are available to pay reinsurance claims on student loans insured under Federal criteria and guaranteed by a state agency against death, disability and default.

GSLP provides more assistance to middle-income families than any other program. During 1976-77, 23.8 percent of borrowers were from families with incomes of \$15,000 or more. The Education Amendments of 1976 increased the loan interest subsidy ceiling from a family-adjusted gross income of \$15,000 to \$25,000. The 1978 Middle Income Student Assistance Act completely removed the concept of an income ceiling for the interest subsidy.

The Education Amendments of 1976 also made significant changes in the administration of the Guaranteed Student Loan Program. These changes were designed both to enhance its attractiveness to students and to lenders. Stronger controls were provided to limit defaults and minimize abuse. For example, three levels of loan reinsurance for state guarantee agencies were authorized. States may qualify for higher reinsurance levels if they meet specific Federal criteria through supplemental guarantee agreements. One of the requirements for such an agreement is the insurance of loans made by eligible postsecondary institutions. Further, as the Regents recommended in 1976, the Education Amendments of 1976 prohibited the discharge of Guaranteed Loans through bankruptcy for five years following the commencement of a repayment obligation.

Nationwide, \$1.9 billion in Guaranteed Loans were made in Fiscal 1978. The Congressional Budget Office and the U.S. Office of Education estimate the total for Fiscal 1979 to be about \$2.8 billion. For Fiscal 1980, the Congressional Budget Office estimates that the volume of Guaranteed Loans will be between \$3.5 billion and \$4 billion. For Fiscal 1978, the 43 state guarantee agencies guaranteed over 80 percent of the loan volume, or almost \$2.1 billion. Of that amount, about one-quarter was guaranteed by the New York Higher Education Services Corporation.

National Direct Student Loan Program—Part E

The National Defense Education Act of 1958 created the National Defense Student Loan program (NDSL). NDSL was transferred to Title IV, Part E, of the Higher Education Act and renamed the

National Direct Student Loan program in 1972. Under NDSL, the Federal government contributes 90 percent of the principal for a revolving loan fund at each participating institution. Institutional funds comprise the remaining 10 percent. About 40 percent of all funds currently being loaned are drawn from collections. Student need for such a loan is determined by campus financial aid officers. Needs-analysis measures approved by the U.S. Secretary of Education are used to make such determinations. These measures are similar to those used in other "college-based" programs (Supplemental Educational Opportunity Grant and College Work Study programs). Loans, in an aggregate amount not to exceed \$10,000, are made available on a low-interest, incremental repayment basis. Repayment of principal is deferred until the completion of the student's course of study. Deferrals also are allowed during certain forms of public service employment. Principal may be forgiven up to 100 percent of the amount borrowed if the student elects to enter certain specialized fields of teaching for specified periods of time.

Since its inception, NDSL has undergone a number of changes. Originally, it was designed to encourage students to enter teaching. As educational circumstances changed, so did NDSL. Currently, the program offers special encouragement through loan cancellation only to those teaching in economically deprived areas or to those teaching the handicapped. Concern for the student with financial need always has been a hallmark of the program, but the definition of need has changed over time. In the late 1960's, NDSL funds were targeted to low-income families. Later, Congress directed that aid funds be made available to any student with "special financial need." In 1972, Congress affirmed that any student who needed a loan to pursue his or her course of study would be eligible for NDSL. NDSL has evolved over the years to become a general purpose loan program serving a student population similar to that served by the GSLP.

Unfortunately, abuse controls similar to those established for GSLP in 1976 do not exist for NDSL. High default rates occur in that program. National reviews conducted in 1977 revealed significant levels of improper administration and abuse. It is imperative that loans as a significant form of student aid not be imperiled by abuse and poor administration.

Consolidation

Both GSLP and NDSL provide, or have evolved to provide, general purpose assistance to similar populations. There are, however, some differences in these programs including some criteria for

student eligibility, provisions for loan cancellation, and interest rates. These differences may result in unequal treatment for students in similar economic circumstances depending on the loan program available to them. The patchwork of complex student credit programs causes confusion for students who ultimately must repay the loans. The current system of multiple Federal loan programs serving similar populations also contributes to ineffective administration.

The New York State Higher Education Services Corporation has analyzed Congressional Budget Office estimates of the cost of NDSL continued by H.R. 5192. This analysis indicates that in fiscal 1981 the Federal cost of a new NDSL loan would be 50 cents for every dollar loaned. The first-year cost to the Federal government of a new Guaranteed Student Loan would be 7.3 cents for every dollar loaned.

In order to eliminate confusion, inequities, and ineffective administration, the Regents recommend consolidation of the Guaranteed Student Loan Program and the campus-based National Direct Student Loan program as outlined below. The recommended consolidation system provides simplification for students. Past loans may be consolidated and interest rates equalized. The system assures that those most in need will receive loan assistance, while it permits the program to accommodate adult learners unable to commit large shares of their time to postsecondary education. This consolidation system also allows for expansion of loan funds by making the full marketed value of notes available to institutions. Institutional capital now tied up in the NDSL fund would be freed under the plan since the Federal share of that fund would operate as a one-time restricted grant to the institution. The postsecondary institution then would determine whether to use such funds in its loan program or that of a financial institution or state loan agency. More effective administration would be achieved through consolidation by retaining the GSLP administrative powers for state loan agencies, financial institutions, and postsecondary institutions and by restricting the marketing of notes to the amount needed for new loans for the current academic year.

Current relationships between demand for teachers and the supply of new teachers indicate no need for the current NDSL cancellation provisions in consolidating these programs. If cancellation of loans for specified kinds of employment is deemed by Congress to be in the national interest, the present NDSL provisions relating to teaching should be replaced by provisions for cancellation for service in programs such as the Peace Corps or VISTA.

There are a number of other categorical student loan programs which are authorized by Federal law. An example is the Health Education Assistance Loan program authorized by the Health Professions Educational Assistance Act. If NDSL and GSLP are consolidated in a new guaranteed loan program, other categorical higher education student loan programs ultimately should be included in that program.

Finally, based on the analysis of Congressional Budget Office estimates of costs of Federal student loan program alternatives by the New York State Higher Education Services Corporation, the Regents have serious reservations about S. 1600's proposal to restructure the Federal loan programs into Basic Loans and Supplemental Loans. On the basis of that analysis, it would appear that S. 1600 would (1) provide fewer loans to students; (2) raise the cost to students of loans by eliminating or curtailing interest subsidies; and (3) cost the Federal government more for each dollar loaned than does the Guaranteed Student Loan Program. While the first-year cost to the Federal government of a new Guaranteed Student Loan in fiscal 1981 is estimated to be 7.3 cents for every dollar loaned, the first-year cost to the Federal government of a new Basic Loan under S. 1600 is estimated to be 10.2 cents per dollar loaned. In short, S. 1600 would appear to reduce student access to higher education and increase Federal administrative costs.

Recommendation:

I. The Regents recommend that the Guaranteed Student Loan Program and the National Direct Student Loan program be consolidated into a new Federal guaranteed loan program. The new guaranteed loan program would be based on the following principles:

- A. Students requiring loans of necessity (including those studying less than half-time) should have subsidized and guaranteed loans available to supplement grant funds. Such students, however, should be able to rely on grants to the maximum extent possible.
- B. State loan agencies, financial institutions, and postsecondary institutions should each have a substantial role in the administration of the program and be provided with the means to recover their appropriate costs of administration.
- C. Funds available for student loans should be expanded.

The proposed guaranteed loan program would have the following features:

- 1) National Direct Loan notes will be marketable through an agency similar to the Student Loan Marketing Association and the full marketed value will be available to the institution marketing the note. The postsecondary institution will determine whether such funds will be used in its own loan program or in that of a financial institution or the state loan agency.
- 2) An institution would be authorized to market NDSL and other notes only to an amount needed to make new loans for the current academic year.
- 3) If an institution were unable to receive sufficient capital by marketing NDSL or other notes to make new loans at the level needed, Federal appropriations would make up the short-fall. This probably would not require Federal contributions greater than the present NDSL level of \$310.5 million, and possibly significantly less.
- 4) The market value of notes held by an institution that closes would be made available to the state loan agency of the state in which it is located.
- 5) Existing loan cancellation provisions of the National Direct Student Loan program for students who enter teaching would be eliminated and cancellation would be authorized only for death or disability as currently provided under the Guaranteed Student Loan Program.
- 6) Borrowers would be permitted to consolidate current NDSL and Guaranteed Loan notes despite the programs different interest rates. This would be accomplished by replacing NDSL notes with notes under the new guaranteed loan program. To equalize interest rates, the U.S. Commissioner of Education would require that a borrower pay only a portion of a Direct Loan in converting it to a new guaranteed loan program. The balance of the Direct Loan would be cancelled.

II. The Regents recommend that the restructuring of Federal student loan programs proposed in S. 1600 not be enacted.

Administrative Costs Allowances

Sections 411(d), 428(e), and 493

Payments of administrative allowances to institutions are authorized by three sections of Title IV. Section 411(d) refers to payments made to institutions under the Basic Educational Opportunity Grant program. Section 428(e) refers to payments made under the Guaranteed Student Loan Program. Section 493 refers to payments made to an institution participating in the Supplemental Educational Opportunity Grant, College Work Study, or National Direct Student Loan programs.

During 1977, national reviews of the administration of student financial aid provided under Title IV revealed significant levels of

improper use of funds, and in some cases, allegations of fraud. A major problem identified in these review is inadequate student financial aid/accounting systems and procedures at postsecondary institutions. Inadequacy of institutional procedures and controls has made possible—and even encouraged—abuse and fraud.

It is essential that Federal student aid funds be used to support those students who need the aid which these programs provide and who are eligible for it under statute and regulation. Misuse of funds not only leads to unnecessarily high expenditures of taxpayers' funds, but also deprives those who should receive aid of their proper assistance. The Regents are convinced that mechanisms must be established to assure that postsecondary institutional systems and procedures promote the proper use of student aid and discourage abuse.

A basis for such mechanisms currently exists in the administrative cost allowances authorized to be paid to institutions by sections 411(d), 428(e), and 493. There also is a precedent that may be used to guide the development of such mechanisms. The 1976 Education Amendments changed the provisions of Federal reinsurance of Guaranteed Student Loans guaranteed by a state guaranteed agency. This amendment established 80 percent reinsurance as a floor, and set standards under which an agency qualified for 90 percent of 100 percent reinsurance.

Recommendation:

The Regents recommend that a concept now used with the reinsurance of loans be applied to payment of administrative cost allowances to institutions under sections 411(d), 428(e), and 493. The allowance level should be set as a reinsurance floor. Provisions should be made for two or more higher levels of allowance for institutions installing and operating student aid and accounting systems and procedures that meet Federal standards to promote the proper use of such aid and to discourage abuse. The establishment of such a system of allowances will help ensure accountability for the proper use of student aid and help ensure that abuses will be minimized.

Educational Information Centers

Subpart 5 of Part A

Subpart 5 of Part A of Title IV authorizes Educational Information Centers to be conducted by states under an approved state plan. The Centers provide "information, guidance, counseling, and referral services for all persons" in order to identify postsecondary and

training opportunities. This service includes the identification of financial aid, competency-based learning, and remedial opportunities. For FY 1979, \$3 million has been appropriated.

The Regents consider it very important to improve dissemination of information about admission, financial aid, and programs of study. Efforts in this area should be given high priority to make information and advice readily available to all.

The House Act, H.R. 5192, and its companion, S. 1841, as introduced, would consolidate the purposes of the Education Information Center program in a revised Title I. Unfortunately, this Act fails to recognize differences among states in seeking to provide information to potential students. The Act would provide the same allocation to every state. The allocation provision proposed should be changed to reflect differing circumstances among states.

Recommendations:

1. The Regents recommend that Subpart 5 be continued and that the state plan for Educational Information Centers be coordinated with that for Talent Search and Educational Opportunity Centers, Community Services and Continuing Education, and other similar programs, and administered through State 1202 commission.
2. The Regents further recommend that the provisions for the allocation of these funds among states recognize the differing circumstances of states in providing education information to prospective students.

Education and Employment

Several programs of the Higher Education Act are designed to bring together education and employment, including the College Work Study program (Part C of Title IV) and the Cooperative Education Program (Title VIII). In addition, in Subpart 3 of Part A of Title I, the Vocational Education Act authorizes support for programs of vocational guidance and counseling.

The Regents believe that programs to acquaint postsecondary students with employment cannot be fully effective unless a specific mechanism is put in place to coordinate the efforts authorized. We urge that such a mechanism in the form of umbrella programs be provided in statute to improve the effectiveness of such efforts.

Recommendation:

The Regents recommend amendment of the Higher Education Act to authorize postsecondary institutions to create umbrella pro-

grams. These programs would coordinate activities under the College Work Study and Cooperative Education programs and under the Vocational Guidance and Counseling provisions of the Vocational Education Act. Under this authorization, an institution or a consortium of institutions would sign an agreement with the U.S. Secretary of Education to establish a coordinating office. That office, in conjunction with the institution's faculty and students and with prospective employers, would be responsible for the coordinated planning and utilization of funds under the three programs. Institutions would receive an administrative allowance for partial funding of such offices.

Complementary Assistance for Postsecondary Students

Overview

During the past 20 years, the cost of postsecondary education has spiraled upward. Recognition of this trend has led to state and Federal programs which help to defray education costs for low-income students. As economic conditions have changed, middle-income families have lost larger shares of their spendable income to inflation. These families also carry a heavy tax burden to provide public services. Parents in the middle-income bracket now face great difficulties in financing postsecondary education, particularly if more than one child is attending a postsecondary institution. At present, students from middle-income families receive few, if any, benefits from entitlement programs such as BEOG and New York State's Tuition Assistance Program which they help to finance. While the cost of attending a four-year independent college in New York as a resident undergraduate is now about \$7,000 (including a tuition charge of about \$3,500), a middle-income student could receive combined aid under these two programs of only about \$1,800, or about one-quarter of that cost.

Tax Deferment

Middle-income parents may be assisted in providing postsecondary education for their children through a system of tax deferment. New York State has displayed initiative in this area. The state tax law has been changed to authorize Parents and Students Savings (PASS) plan accounts. Under this plan, taxpayers may establish a tax-sheltered account to pay for their dependents' future postsecondary education, contribute to it up to \$750 per year, and exclude the yearly contribution from their gross income, for state tax pur-

poses. Disbursements from the fund are taxed as part of the income of the recipient student at the time he or she attends college.

Recommendation:

Since the PASS plan has been established under state tax law, it is essential that it be incorporated in the Federal personal income tax law. The Regents recommend that the PASS plan be authorized in Federal legislation at a contribution level indexed to the amount of the Federal income tax exemption so that it can be truly workable. The Regents have urged Congress to include PASS as part of its tax relief legislation.

Tuition Tax Credit

Interest has been growing in providing tax relief in the form of tax credits for middle-income parents with children enrolled in postsecondary education. During the 95th Congress, a compromise Tuition Tax Credit Act of 1978 was reported out by a House-Senate Conference Committee but subsequently rejected by the House. That bill allowed a tax credit equal to 35 percent of tuition paid up to a ceiling of \$100 in 1978, \$150 in 1979, \$250 in 1980 and 1981. "Tuition paid" was defined as tuition actually paid, net of any aid not includable in gross income. Such credit was not to exceed the total tax due. Tuition tax credit under this proposal was available for full-time undergraduate study in subsequent years. Persons eligible for tuition tax credit included relatives or nonrelatives paying undergraduate tuition or self-supporting students with such tuition expenses. If two persons contributed to the undergraduate tuition payments of a student, the credit was prorated. No credit was allowed for graduate study. Credit for undergraduate study terminates in 1981.

Despite the number of tuition tax relief proposals made, the 95th Congress was unable to reach agreement on a compromise measure. However, enactment of a tax reform package underscored tax relief as a major national priority. The Regents urge the 96th Congress to pass an amendment which would include the cost of postsecondary education services as a part of tax relief. The benefits from tax relief for postsecondary education costs will accrue both to families and to institutions of higher education.

Several variations of tax relief have been advanced. The most prominent are tax deductions, tax credits, tax deferments, amortized tax credits, and tax credit/deduction options.

A tax deduction, which lowers the amount of taxable income, would provide some relief for middle-income taxpayers. No recent bills incorporating a tax deduction have generated widespread support.

A tax credit, on the other hand, is a credit against tax liability. After an individual's taxes are calculated, tax credits are subtracted from the amount owed. Credits can be targeted on middle-income groups by graduating the amount of credit at the higher income levels. Tax credit plans are simple and involve almost no administrative costs. The major disadvantage of a tax credit is that it offers nothing to low-income families with little or no tax liability. However, these students already have access to many forms of aid.

Amortized tax credits are not considered seriously because the administrative costs would be high for relatively little benefit. Like the tax deduction, the tax credit or deduction option, one of which a taxpayer could choose, has not generated widespread support in recent years. The tax deferment concept has been endorsed by the Regents in the form of the New York State Parents and Students Savings Plan and would be a suitable supplement to a tuition tax credit.

The tax credit has great potential for meeting the needs of parents and institutions. It would serve these goals:

1. Assisting middle-income families to finance the education of their children;
2. Aiding postsecondary institutions to recruit students from middle-income families; and
3. Promoting economic stability.

These goals are interrelated. Most middle-income families hope to educate their children, but the costs are increasingly high at both public and independent institutions. The burden is greater than ever because rising educational costs are coinciding with a period of "sibling overlap" in which children tend to be closer in age and many families have more than one child in college at the same time. A tax credit would help alleviate this burden. For example, in 1978 the estimated median family income in New York State was about \$18,000. An undergraduate who is living on campus at an independent four-year college in New York would have a cost of attendance of almost \$7,000 which includes a tuition charge of \$3,500 and nontuition costs of about \$3,500. If this student were from a family at the median gross income level in New York, \$18,000, the student would be eligible for a Tuition Assistance Program (TAP) grant from New York State of \$1,000 against the \$3,500 tuition charge. This would leave \$5,900 in unmet costs. Such a student would be eligible

for a BEOG award of no more than \$700. Parents would need to provide \$5,200 to meet the remaining cost of attendance (\$2,400 for the balance of tuition plus \$2,800 for the balance of nontuition costs). At a public institution, the student would get about \$230 from TAP, leaving a tuition bill of \$685 plus support of the other expenses of attendance. Median income families have difficulty affording the tuition at both public and independent institutions without further assistance.

The tuition differential between independent and public institutions now approaches about five to one, nationwide. This has resulted in fewer choices for most students. If independent institutions are forced to close, the cost to the public will be great because of the large taxpayer subsidy of the education of students at public institutions.

A higher education tuition tax credit would also assist in promoting economic stability in several ways. It would help to protect and in some instances create jobs within postsecondary education, a significant factor in New York State where there are over 75,000 faculty members and where two percent of the work force is employed by postsecondary institutions. More important, it would give students, spouses, and displaced workers the opportunity to prepare or retrain for employment.

To have any real impact, a higher education tuition tax credit would have to be close to \$500, the sum previously proposed in the 95th Congress. To target this credit on middle-income families, the amount of credit would be reduced by 5.6 percent of income in excess of \$31,000 adjusted gross income. Thus, the credit would decrease to zero at an adjusted gross income of \$40,000.

Recommendation:

The Regents urge the 96th Congress to enact a tuition tax credit for postsecondary education (See Table 7). A \$500 maximum tuition tax credit should be structured in the following manner: 20 percent credit on the first \$1,000 of tuition expenses and 100 percent of all tuition expenses over \$1,000 up to an additional \$300, for a total credit of \$500. The \$500 maximum should be reconsidered after three years to reflect inflation.

The percentages are calculated not only to aid middle-income families, but also to support families sending students to independent institutions. Nationwide, undergraduate tuition at public institutions is \$587 for in-state residents; at independent institutions it is about \$2,500. Under this tax credit plan, a family with New York's

TABLE 7

<u>Proposal</u>	<u>Provisions</u>	<u>Cost</u>	<u>Advantages</u>	<u>Disadvantages</u>
Tuition Tax Credit Act of 1978	Credit 35% of tuition paid (net any aid not includable in gross income).	FY 79—\$394M*	Cost	No income ceiling.
	Credit ceiling of \$100 in '78, \$150 in '79, \$250 in '80 and '81 but not more than total tax due.	FY 80—\$516M FY 80—\$966M FY 82—\$828M	Full- and half-time	35% share of paid tuition helps those attending public institu- tions more than those attend- ing private institutions.
	Credit available for full-time undergraduate study in '78 and '79, and for full- or half-time study in subsequent years.			Low credit ceiling precludes meaningful assistance in inflationary economy. No credits beyond 1981. No credits for graduate study.

* Estimates from Congressional Budget Office.

Regents	Credit up to \$500 for tuition only for full- and part-time individuals or dependents. Percentage of tuition formula: 20% of first \$1,000, 100% thereafter up to an additional \$300. Income ceiling; reduced after \$31,000 adjusted gross income to zero at \$40,000.	FY 78—\$2B	Percentage formula aids independent institutions. Income ceiling so does not subsidize wealthy. Full- and part-time.	Cost
---------	--	------------	--	------

estimated median income of \$18,000 and one student at such a public institution, would get a \$117 credit, while such a family with a student at an independent institution would get a \$500 credit. In New York, where lower-division tuition at the State University of New York is \$750, a full-time student from such a family would receive \$200 from the Tuition Assistance Program, but probably no Basic Educational Opportunity Grant; the tax credit would provide an additional \$150. At an independent institution in New York with a tuition of \$3,500, such a full-time student would get a TAP award of \$1,100, and a Basic Educational Opportunity Grant of about \$700. The tax credit would provide an additional \$500.

The tax credit approach advanced here would not be limited to colleges and universities, but would also apply to business, trade, technical, and vocational institutions duly chartered or certified within their respective states. It would be applicable to both full-time and part-time attendance. Multiple credits would be allowed based on the number of persons from a family attending post-secondary institutions. Additionally, the tax credit would accrue to anyone paying for a dependent's education whether a relative or not. The tax credit could not be claimed both by a self-supporting student and by that student's parents, however. If more than one taxpayer shared costs, each could claim a prorated amount of the tax credit.

Staff Development—Title V

Title V of the Higher Education Act includes three sections which authorize staff development programs: 1) Section 531, continuing the National Teacher Corps; 2) Section 532, establishing the Teacher Centers Program; and 3) Section 533, authorizing grants for certain higher education members. For fiscal 1978 and fiscal 1979 the National Teacher Corps has been allocated \$37.5 million; the Teacher Centers Programs was allocated \$8.25 million in FY 1978, and \$12.6 million for FY 1979; no appropriation was provided for grants for collegiate faculty.

Sections 531 and 532 address the recognized need for continued education of the staff of the public schools. New and improved teaching methods and materials; modification in curriculum and school organization; and the rapid changes brought about by economic, technological, cultural, and social forces are just some of the factors that present a continuing challenge to maintaining the currency of school personnel.

Because the limited market for teacher services has stabilized school staffs, schools can no longer rely on an infusion of new ideas from recently prepared teachers. In the five years between 1971-72 and 1976-77, the number of New York public school teachers under 25 years old dropped by 12.2 percent. Yet 56.3 percent of all teachers in 1976-77 were forty years old or less. From 1971-72 to 1976-77, the proportion of public school teachers with permanent teaching certificates rose from 54 percent to 84.6 percent in New York State. A consequence of these trends is that, over the next ten years, the majority of the public school teaching force in the State will be individuals who are currently in the classroom and who are no longer required to pursue additional constraints increasingly are unable to provide financial reimbursement for staff who continue their educations.

Title V encompassed only a fraction of the Federal support addressed to staff development. Support for staff development also is included in such legislation as Title I of the Elementary and Secondary Education Act, Metric Education, Consumer Education, and Vocational Education. While the Federal initiative and support for staff development is significant, it is also scattered and uncoordinated. Funds are appropriated on a categorical basis and have varying time schedules for making application, obtaining approval, and expending the funds. In New York State, the Education Department is attempting to identify efficient and effective ways to organize staff development. To do so would provide an opportunity to better address Federal, State, and local objectives. Federal programs should be planned and implemented in a way that takes into consideration their impact on state policies.

The Regents are aware of the constraints placed on the use of Federal staff development funds by the categorical nature of the funds and by the restrictions on the commingling of funds. However, neither constraint need adversely affect a more orderly approach to the more systematic and comprehensive provision of staff development programs derived from the needs of pupils in the schools.

The enactment of a National Staff Development Act would serve the national interest by coordinating the use of Federal funds and maintaining the purpose for which the funds are appropriated. The recommended legislation would support present planning efforts of many states and stimulate others to provide adequate plans for the use of such funds and to be held accountable for achieving the proposed results.

Recommendation:

The Regents recommend enactment of a National Staff Development Act which would:

1. Establish Federal policy on the need for staff development to meet Federal priorities.
2. Create a National Staff Development Fund to marshal all Federal funds appropriated to staff development through categorical programs, formula awards, and other sources. The fund would coordinate the awarding of Federal staff development funds through designated state agencies upon presentation by the states of comprehensive plans to insure that staff development programs are consistent with Federal and state priorities derived from pupil needs.

Financial Assistance for the Purchase of Instructional Equipment for the Improvement of Undergraduate Instruction —Title VI-A

The Higher Education Act's VI-A authorizes matching grants for the purchase of instructional equipment to improve undergraduate instruction in public and independent higher education institutions. Purchases may fall into two categories. Category I is for the purchase of laboratory and other special equipment and materials; Category II is for the purchase of television equipment and materials for closed-circuit instruction.

The program is intended to help meet the increasing financial needs of postsecondary institutions for the purchase of equipment to improve undergraduate instruction in both new and existing programs. Funds appropriated by Congress are allotted by formula to the states and territories and subsequently distributed to their respective colleges and universities in accordance with application ranking procedures set forth in each state plan and administered by a state commission.

Since 1966, Title VI-A has assisted New York postsecondary institutions with the acquisition of instructional equipment costing \$22.5 million. Federal grants represent one-half of this amount. Our institutions' willingness to match Federal monies is evident in the fact that the total grant requests each year always have been more than twice the amount of the State allotment. Each year total grant requests have exceeded \$1.5 million.

Continued funding for Title VI-A is essential to enable institutions to purchase the instruction equipment they need to keep pace with rapidly changing instructional technologies and obsolescence of existing equipment. These needs often cannot be met fully from current operating budgets. For the past four years funding has been at the

\$7.5 million level, or one-half of what it was at the start of the program in 1966. Taking inflation into account, the 1978 appropriation was able to fund only about 20 percent as much equipment as the 1966 appropriation did.

Recommendation:

The Education Amendment of 1976 (PL 94-482) reauthorized Title VI-A through FY 1979 at existing authorization levels of \$60 million per year for laboratory and special equipment and \$10 million per year for television equipment and instructional materials. Legislation should reauthorize this program beyond 1979.

Construction, Renovation, and Modernization of Academic Facilities—Title VII

New York's 251 public, independent, and proprietary degree-granting institutions have a total of 180 million gross square feet of facilities. Almost two-thirds of this space was built in the last 20 years, a period in which enrollments increased threefold. This was a period of rapid expansion and development of the State University of New York, including its 30 community colleges. Much construction was also done at independent institutions. A smaller amount took place at the campuses of The City University of New York. One result is that there is a considerable difference among the sectors in New York in terms of the ratio of net assignable square feet to full-time equivalent students.

For the 1980's, the Regents are concerned that the amount and quality of New York's higher education facilities remain adequate. With some exceptions, additional facilities are not needed. What will be needed is the renovation and modernization of many facilities, and the replacement of obsolete facilities.

Approximately \$5.75 billion has been invested in higher education facilities in New York State. It would cost almost twice that amount to replace these facilities today. Federal grant and loan programs have made a substantial contribution to this investment between 1965 and 1973. In spite of this impressive sum and projected declining enrollments, the postsecondary institutions in our State still have capital needs for academic space. For example, the senior colleges of The City University of New York need \$250 million in new construction to alleviate serious overcrowding of existing space. All postsecondary institutions, public and independent, require an estimated \$852 million for compliance with the requirements of Section 504 of the Rehabilitation Act, renovation, rehabilitation, and mod-

ernization of existing space. If deferral of maintenance is extended too long, the cost of rehabilitating facilities will become prohibitive. It may exceed their value.

The Education Amendments of 1976 extended Title VII through FY 1979 at the existing authorization level: \$300 million for each fiscal year for grants for undergraduate facilities under Part A; \$89 million for grants for graduate facilities under Part B; and \$200 million for loans under Part C. The purposes of the Title were altered to include renovation and modernization along with construction. Authorization is given for use of Title VII funds for reconstruction and renovation projects if the primary purpose of the project is to economize in the use of energy or to conform to the requirements of the Architectural Barriers Act of 1968. Title VII funds also may be used to enable institutions to meet the costs and requirements of environmental protection, safety, and health programs mandated by Federal, state, or local law.

Construction of Academic Facilities—Title VII, Part A

Part A of this Title (formerly Title I of Higher Education Facilities Act of 1963) authorizes grants of up to 40 percent of the eligible cost of construction and renovation of undergraduate academic facilities and student health care facilities for higher education institutions.

This program is administered at the state level. Yearly allotments are made to the states and territories by formula. Applications are recommended for grants in accordance with provisions contained in the state plan for Title VII-A. As the New York State Postsecondary Education Commission, the Regents administer this program in New York.

Between 1965 and 1974 grants totaling \$148 million were awarded to 105 public and independent institutions. Thirty-two million dollars was reserved for Public Community Colleges and Technical Institutes while the remaining \$115 million went to all other institutions. The total facilities development cost for these projects is estimated at \$863 million; the Federal grants provided about 17 percent of this total. Fifty-three percent of the projects funded were science and library buildings.

Fifty-three percent of the Public Community College grant funds went to institutions enrolling less than 3,000 full-time equivalent students; the remaining 47 percent went to larger institutions. Fifty-one percent of the total grant funds for all other institutions went to those enrolling less than 4,000 full-time equivalent students. The remaining 49 percent went to larger institutions.

Forty-three percent of the total grant funds went to institutions in the Metropolitan New York and Long Island regions, where population pressures for increasing enrollments predominated. The remaining 57 percent was distributed generally throughout the State.

Fifty-two percent of the total grant funds went to independent institutions; 48 percent went to public institutions.

Grants for Construction of Graduate Academic Facilities— Title VII, Part B

Part B of this Title (formerly Title II of the Higher Education Facilities Act of 1963) authorizes grants to institutions of higher education to assist them in improving existing graduate schools and cooperative graduate centers, and in establishing graduate schools and cooperative graduate centers of excellence. These schools and centers increase the supply of highly qualified personnel needed by communities, industries, and governments and for teaching and research. This program is administered directly by the U.S. Department of Education.

Between 1965 and 1969, New York institutions received 24 grants for graduate facilities totaling \$24.5 million. The total development cost of these facilities was about \$200 million. The program has not been funded since 1969.

Many academic facilities are designed for both undergraduate and graduate programs and would be eligible now for grants under both Part A and Part B. The needs of both undergraduate and graduate facilities for renovation, rehabilitation, and conversion to meet the requirements of Section 504 of the Rehabilitation Act or the Architectural Barriers Act are probably equal, and are great. Where new construction can be justified, there are great economies in the design and operation of multipurpose buildings.

Recommendations:

1. The Regents recommend that Parts A and B of Title VII be consolidated into a single program that authorizes the renovation, modernization, and construction of undergraduate and graduate academic facilities. That program should be authorized beyond 1979.
2. The Regents recommend that projects to replace, renovate, and rehabilitate existing facilities be given highest priority. New construction would be eligible for aid only to complete building programs planned by institutions no later than 1978 for current enrollment levels.

**Loans for Construction of Academic Facilities—
Title VII, Part C, Section 741**

Part C, Section 741 of the Title (formerly Title III of the Higher Education Facilities Act of 1963) authorizes loans to institutions of higher education and to higher education building agencies for construction and renovation of academic facilities.

Between 1965 and 1968, New York institutions received 36 loans totaling nearly \$58.6 million. No loans have been made since 1968. Twenty million dollars has been released from the loan insurance fund for FY 1978. Current loan interest is expected to be at the current rate for short-term U.S. Treasury borrowing.

Both public and independent institutions in recent years have found it difficult, if not impossible, to borrow funds from conventional sources. Even if these sources become available again interest rates are increasing and in most instances will exceed the rate charged for Federal funds.

Recommendations:

The Regents recommend that:

1. Legislation authorizing this program beyond 1979 be enacted.
2. Full funding be provided at the authorized level of \$200 million for FY 1979 and beyond.

**Annual Interest Grants for Construction of Academic Facilities—
Title VII, Part C, Section 745**

Part C, Section 741 of the Title (formerly Title III of the Higher Education Facilities Act of 1963) is intended to maximize the participation of private lenders in providing postsecondary institutions or building agencies with long-term financing needed to construct academic facilities. Section 745 also assists such institutions or building agencies in reducing the cost of borrowing from private sources by making Federal grants during the life of the loan. This grant assistance cannot exceed the difference between the average annual debt service required on a loan from a non-Federal source and the average annual debt service if the loan were obtained at 3 percent. Under this program, state allotments are not made, but no state may receive more than 12.5 percent of the available funds.

In a period of high interest rates, this program has been of great benefit to institutions in substantially reducing debt service for the construction and rehabilitation of academic facilities.

Recommendation:

The Regents strongly urge that appropriations of \$620 million under this program be reinstated at the FY 1972 level.

**Academic Facilities Loan Insurance—
Title VII, Part C, Section 746**

Part C, Section 746 of this Title authorizes the Secretary to ensure the payment of interest and principal on loans for the construction of academic facilities. Such loans must be obtained by nonprofit independent institutions of higher education and nonprofit private higher education building agencies. This program would greatly assist nonprofit independent institutions of higher education in securing academic facility construction loans from private sources at most favorable terms and interest rates. It also would ease the burdens of debt service.

Recommendation:

The Regents recommend that this program be implemented.

**Assistance in Major Disaster Areas—
Title VII, Part D**

Part D of this Title authorizes the Secretary to carry out a program of assistance to public institutions of higher education when the Office of Emergency Planning determines that an institution is within an area which has suffered a major disaster.

Nonprofit independent institutions are excluded from Part D benefits. Nevertheless, disasters in New York State caused by tropical storms in July 1972 and in October 1975 found several independent institutions suffering major damages and losses.

Recommendation:

The Regents recommend that nonprofit independent institutions of higher education be included.

Graduate Education—Title IX

Support of excellence in graduate education as a national resource should be given a very high priority because the nation's need for cultivation of the highest level of scholarship cannot be minimized. In addition to the support of research to graduate institutions, it is important that excellence is fostered in graduate education. Title IX

is intended to pursue such excellence. Its provisions are consistent with New York's policy toward graduate education. While the Regents urge certain amendments to Title IX, its programs—especially Parts A and F—should be funded.

Part A of Title IX authorizes grants of up to 66 2/3 percent of the cost of programs to strengthen, improve, and, where necessary, expand the quality of graduate and professional programs leading to advanced degrees (other than medical degrees).

Recommendations:

1. The Regents recommend that Parts A, C, D, and F of Title IX be reauthorized and funded.
2. The authorization in Section 903 should be broadened to include the use of funds for "the development of proposed or existing graduate and professional programs of high quality and need, offered by single institutions or by consortia of institutions."
3. In the selection of institutions or individuals to receive aid, the state 1202 commission should have a mandated role to assure consistency between proposals for funding and state policy.
4. Part B should not be reauthorized in its present form. In its place, the Regents recommend that authorization and funding of a Federal/state partnership should take the form of a program to provide Federal cost-of-instruction grants to doctoral fellowship programs, based on merit, of up to \$6,000 per year for tuition and maintenance, to no more than 20 percent of the full-time doctoral students enrolled at institutions in the state. Such cost of education grants would be made to institutions on the basis of the number of such fellowship holders enrolled multiplied by \$2,500, or the rate of the maintenance payment, whichever should be available only to institutions in states that established such merit-based doctoral fellowship programs.

Institutional Eligibility

In determining what postsecondary institutions shall be eligible to participate in Federal financial aid programs, both the public interest and expert educational judgment need to be considered.

The Regents believe that the final decision on institutional eligibility should rest with the educational community, including the state agencies which have traditionally been responsible for supervising and coordinating education in the United States. The Regents therefore favor continued reliance on the postsecondary institutions themselves, on institutional self-assessment, the peer review process, the voluntary accrediting agencies established and supported

by postsecondary institutions to assure the maintenance and improvement of their academic quality, and the state agencies having major responsibility for local institutions.

At the same time, the Regents believe that the public has the right to assurance that public funds are spent for the purpose for which they are appropriated. Federal student aid must be used only at institutions whose academic programs meet satisfactory standards of postsecondary education and whose management practices conform with other laws including equal opportunity in hiring or admissions and consumer protection. Higher education institutions must be accountable to the public to assure public respect for higher education and to realize the claim made on the public treasury as a worthy social investment.

In New York State, the determination of institutional eligibility for Federal aid is made through a unique cooperative arrangement. Both the State Board of Regents and the Middle States Association, the voluntary accrediting body whose region includes New York, are recognized by the United States Office of Education as reliable authorities for determining the quality of courses offered in educational institutions. Accreditation by the Middle States Association and registration by the State Education Department resemble one another and overlap in several ways. For example, both place significant reliance on site visits by peer panels. The two agencies often conduct joint visits (about one-third of the Department's site visits are joint visits with Middle States). While eligibility for the State's program of student financial aid, the Tuition Assistance Program, depends upon the Department's registration of programs, eligibility for the State program of aid to independent institutions, Bundy Aid, depends upon Middle States and Regents accreditation.

The processes of registration by the State Education Department and accreditation by the Middle States Association also differ in significant ways. The State Education Department registers college and university programs on the basis of their adherence to established standards of quality and resources. The Department also reviews each institution's compliance with nonacademic regulations which reflect consumer concerns (for example, the provision of catalog information) and for their overall financial position. The Middle States Association, on the other hand, accredits institutions on the basis of a review of the quality of all its programs. The purpose of Middle States review and accreditation is to help institutions at all levels of academic quality to improve themselves. Together the Department and Middle States provide a comprehensive system for evaluating institutional quality.

Recommendation:

The Regents believe that the process of determining institutional eligibility in New York State has been effective for all interests including the protection of students, the assurance of taxpayers, the quality and independence of academic institutions. The Regents believe this partnership of the State Education Department, post-secondary institutions, and voluntary accrediting agencies must be maintained in New York. We recommend a similar practice in other states willing and able to undertake the effort in order to assure protection of all interests without direct Federal determination of eligibility.

The U.S. Education Department now has authority to establish standards of good academic standing, satisfactory progress toward a degree, and standards governing consumer-related issues such as advertising and refund policies. This authority has not been exercised. The Regents believe that such matters should be the responsibility of State educational authorities in cooperation with the voluntary accrediting associations and the educational institutions they accredit.

Therefore, the Regents propose that the Federal government authorize states and provide financial incentives to states to develop partnerships between state agencies and accrediting associations for the determination of institutional eligibility for Federal financial assistance within those states. The program should be voluntary for the states. Where such partnerships are established, Federal financial support to the state agencies should be based on matching state appropriations for the activity.

The Regents proposal would avoid imposing a new system of determining institutional eligibility to replace the use of voluntary agencies authorized by the Office of Education. While leaving in place the existing system where that system is working well, the New York model of a partnership for determining institutional eligibility could be used in other states where it is appropriate.

IV. YOUTH EMPLOYMENT

The 1980's will be a period of economic uncertainty for Americans. Fluctuations are expected both in the National and international economies. Anticipated economic growth, with a slight relief of unemployment, may be counteracted by the Federal actions com-

bating inflation. One expected result can be increased pressures on the primary and secondary labor markets. Within the broad question of unemployment in America, unemployment and underemployment of youth will be an even more urgent issue in the 1980's.

Youth unemployment cannot be attacked piecemeal. A comprehensive, long-range approach to prevention and remediation of youth unemployment is necessary. Such an approach requires a coordinated set of Federal, state and local priorities linking many areas of education and employment. A careful, wide-range review is necessary to assess the impact and effectiveness of Federal programs related to education, youth employment, and support services. A unified approach is needed for the prevention and remediation of youth unemployment in the coming decade.

The Problem of Youth Unemployment

Since World War II, growing numbers of both secondary and postsecondary students have combined schooling with paid (and unpaid) work. By 1976, nearly 5 million youths aged 16 to 19 were in the full-time labor force. Another four million were working part-time. Youth aged 16 to 24 accounted for nearly one-fourth of the national workforce. Jobless youths accounted for nearly one-half of total unemployment.

A new phenomenon faces us in 1980: numbers of youth aged 14 to 24 may peak in the early 1980's and then decline as the postwar population boom reaches older age brackets. While youth will not be the source of new growth in the labor force in the next several years, absolute numbers of young people seeking jobs for the first time will remain high in the early 1980's. Assuming economic growth, the Congressional Budget Office estimates that the aging of postwar babies will reduce youth unemployment only by about 2 percent in 1985.

Changes in Youth Population

The aggregate youth population will be smaller in the mid-to-late 1980's and the Congressional Budget Office predicts significant changes in the make-up of the youth population. Differential fertility rates among minorities will cause numbers of minority youth in the labor force to jump by one-fifth (more than one-half million young persons) by 1985. In 1977, nonwhite youth aged 16 to 24 comprised about 15 percent of the labor force total for that age group. By 1990, nonwhite youth will number 18.3 percent of that total. As early as 1975, 13 percent of the school-age population in the United States

was non-English-speaking. Forty-nine percent of these students spoke Spanish.

Black youth—especially those in urban centers and not enrolled in educational programs—experience an unemployment rate four times that of the labor force as a whole. Even worse, employment rates for black youth between 16 and 19 have declined sharply since 1955. In 1977, 40 percent of black teenagers, some 325,000 youth, who wanted to work were unemployed. Yet these rates for black youth may be deceptive. Many black youth who have left school and have given up looking for work do not appear in Labor Department statistics. Such rates may well go over 50 percent.

In the third quarter of 1979, the unemployment rate for New York City teenagers was 34.1 percent, an increase of about nine percentage points over the same period in 1978. The 1979 figure represented about 72,000 youth who wanted to work, but could not find jobs. The City's youth unemployment figure contrasted sharply with 5.8 percent national average rate for general unemployment, and with a 9.7 percent unemployment rate for the total New York City population.

Dropout Rates

Most dropouts leave school at age 16 or at the end of their sophomore year. Usually, students who drop out have stayed back a year or two and leave school without vocational training. They are increasingly unemployable in a highly technological society.

High school dropout rates have held static for more than a decade. Nationally, one fourth of students completing fifth grade fail to graduate from high school. Rates for districts in urban centers are even higher. In 1977, high school dropouts comprised one fifth of each age cohort.

Large numbers of secondary school-aged students lack basic skills in reading, writing, and mathematics. This is especially true of low-income and minority youth. As economic pressures tighten on low- and middle-income families in the coming decade, more students can be expected to participate in work-study programs, to seek part-time employment in the secondary labor market, or to leave the educational system to help with family support.

Youth Labor Market

Trends in youth unemployment for the coming decade are more meaningful when measured against the U.S. Bureau of Labor Statistics' projections for employment opportunities into the 1980's. These

projections show that, in a healthy economy, only 58 million job openings will occur from 1974 to 1985 as a result of expected economic expansion and retirement or withdrawal from the labor force. Ignoring occupational mobility, over one-half of these projected openings will be in white-collar occupations. Twenty-seven percent of white-collar jobs will be in the professional-technical category. Forty-eight percent will be clerical. Because minority youth are those most likely to leave the educational system without the necessary competencies to hold a job, increased state and Federal efforts must equip them for competition in this available market.

Other forces will operate to depress the youth labor market in the 1980's. Due to changing social conditions, labor force participation rates for adult women are increasing. Participation rates for non-white adults also are on the rise, limiting the number of jobs available for youth. Later retirement, buttressed by Federal legislation, will mean that older workers occupy positions longer, restricting the number of openings in the work force. Increased automation has eliminated semiskilled positions formerly available for youth. Growing legal and illegal immigration may restrict the job prospects for semiskilled young people even further.

The "Waterfall Effect"

Labor market competition will be more difficult for all youth for still another reason: educational upgrading of available jobs. Of the 50 million job openings projected by the Bureau of Labor Statistics for the period from 1974 to 1985, only 21 percent will be filled by postsecondary graduates. About one-fifth of the postsecondary graduates then employed will occupy educationally upgraded positions. These postsecondary graduates will replace less educated workers in jobs not previously filled by degree holders. This phenomenon may promote early entry into the job market by persons who might have continued postsecondary education.

Educational upgrading has a "waterfall" effect on the labor market. This effect is felt particularly by seekers of first-time employment, mostly youth. Surplus postsecondary graduates displace high school graduates in a limited job market, reducing employment opportunities for high school graduates. Job opportunities for youth lacking a high school diploma in turn are limited as employment of high school graduates "spills over" into jobs formerly held by non-graduates. Educational upgrading is taking place more rapidly in blue-collar and service occupations than anywhere else in the occu-

pational structure. Meaningful job opportunities for disadvantaged and undereducated youth will be restricted severely. At the same time, rising expectations and high subsidies from welfare and other programs will discourage disadvantaged youngsters from assuming menial work.

Federal Youth Employment Programs

Part of the expanded youth participation in the labor force is attributed to growth of cooperative education, work-study, and other programs linking education and work. Although cooperative education has been a component of federally assisted vocational education since the 1917 Smith-Hughes Act, review of Federal efforts to date is disappointing. A comprehensive approach to the problems of youth employment is lacking in present Federal programs. Current efforts focus narrowly on short-term and part-time employment, particularly in semiskilled jobs with low-income levels. A coordinated Federal and state effort is absent, resulting in duplication, administrative inefficiency, and continuing youth unemployment.

Present Federal initiatives have failed to assure coordination between education and employment. Where programs do provide some linkage opportunities, Federal funding has not reflected the enormity of the task. Federal funding for remedial general education (secondary and postsecondary), vocational education, high school equivalency, and adult basic education is minimal given the magnitude of the problem. Just as national policy in postsecondary education is evolving toward a system of access for whomever aspires to and is capable of achievement, so too should policy in this area come to mean financing and coordination resources for youth employment so that every young person who wants to work has access to certain prerequisites—information about education and career choices, task readiness skills, basic cognitive skills, and appropriate job-related training. Federal commitments to students in Federal degree programs far exceed aid provided for unemployed youth. Almost no resources are available for such work among incarcerated young persons, whose numbers are increasing and for whom re-entry into society without employment prospects is a nearly certain guarantee of recidivism.

Coordination of Federal and state efforts in both education and work is the key to providing a smooth transition from useful education to successful worklives for young Americans.

Recommendations:

A comprehensive policy for youth employment requires a program of job development as well as education and skill training for job entry. Secondary schools, postsecondary institutions, local communities, and CETA prime sponsors concerned with youth are in some cases subparts of a single labor market. Coordinated Federal, state, and local efforts are vital to a successful policy integrating efforts of all organizations with concurrent responsibilities in assuring youth employment. Regional planning for youth education and skill training should be undertaken through state education agency-planned consortia to address the pressing need for youth employment in a particular labor market context.

Several elements are critical to the success of proposals dealing with youth unemployment. Listed below are criteria by which any such proposal can be measured. These vital services include a broad program of comprehensive assessment and referral to be begun for in-school youth by the schools. A partnership arrangement would provide such services to out-of-school youth. Career awareness can be provided for all youth by a number of agencies. A central element of any proposal for employment of in-school and out-of-school youth must be the development of positive attitudes and habits requisite to employment as well as development of basic skills and job skills. Accountability can be ensured through a single-record career development system of benchmarks to track individual youth experience and training. This system would build an employable "track record" for individuals across programs while assuring that program goals are met. At the same time, statewide planning is essential to capitalize on already successful programs through networking and to ensure a coherent package of services delivered effectively to youth in each state.

In any proposal to relieve youth unemployment, the private sector must play a strong role. The expansion of youth employment through the private sector can promote growth in our economy as well as provide training opportunities for youth in the operations of the American marketplace.

1. Assessment and referral services for in-school youth should be carried out through the schools (local education agencies, vocational schools, and regional occupational centers). Such services for out-of-school youth should be conducted through a partnership among schools, postsecondary institutions, state employment services, and CETA prime sponsors.

Schools, including vocational schools and regional boards, have experience in comprehensive youth assessment. Youth are most easily reached at the school. Schools offer continuing records of academic and vocational achievement extending over the long term. Highly skilled professionals trained in youth assessment and familiar with individual youths are available at the schools. Because adequate assessment and referral are labor-incentive, Federal funding for additional counseling staff should be provided and targeted to areas with high populations of disadvantaged youth.

Based on thorough assessment data, recommendations of schools can be shared easily with prime sponsors through a school-prime sponsor partnership. Current assessment and referral efforts for out-of-school youth through the employment service should continue and, in some areas, be strengthened. Because the state employment service cannot reach all out-of-school youth in need, efforts reaching additional youth should be supported through schools, community colleges, educational information centers, adult learning centers, regional occupational centers, and prime sponsors as well as by state education agency and state employment service agreements. Linkages should be promoted to strengthen outreach to out-of-school young people.

2. Career awareness for in-school youth should be provided by the schools (including vocational schools and regional occupational centers), in partnership with the CETA prime sponsors and subcontractors. Libraries also can provide such information. For out-of-school youth, career awareness should be provided by the schools, prime sponsors, libraries, and state employment services.

To promote successful individual career planning, youth must be aware of private industry opportunities and of the requirements of various career options. Programs of career awareness provided by schools, vocational institutions, and area occupational centers in cooperation with private industries and prime sponsors should reach in-school youth. For out-of-school youth, career awareness should be promoted by organizations shown above.

Both in-school and out-of-school youth may find libraries valuable sources of career awareness training and exploration. For example, New York State's Job Information Centers, funded under the Library Services and Construction Act, are located in many libraries throughout the State. Centers do not match youth with jobs, but provide information about careers and available services. They also initiate appropriate referrals. Centers provide patrons with learning materials related to the job search as well as with current local, state and national job announcements. Audio-visual and bilingual presen-

tations sometimes are available. The placement of computer terminals in a library providing career awareness has been funded through CETA in Massachusetts.

Libraries are available in neighborhoods and communities of all sizes in every county of the state. The total role of libraries in career awareness should be expanded and subsidized.

3. *Employability development consists of three basic elements for which subrecommendations are listed below:*

- a. *Attitudinal changes may be necessary. These changes may be brought about through task readiness training. Such training focuses on the learning of attitudes, concepts, and skills (such as self-respect, self-discipline, and punctuality) necessary for successful education and skill training leading to employment. Task readiness training should be provided to both in-school and out-of-school youth through a partnership of education agencies, social service agencies, and CETA prime sponsors.*

One major barrier to youth employability may be a lack of understanding of the requirements of the workplace as well as how to develop satisfactory relationships with self, employers, and co-workers. Intercultural and intracultural differences may expand this problem as disadvantaged minorities comprise a larger share of the future youth population. A partnership of education agencies, social service agencies, CETA prime sponsors, and subcontractors should offer task readiness training to in-school and out-of-school youth, aimed at developing self-image and perception of coworkers, as well as a sense of belonging to and pride in the community and work environment. These personal skills are requisite to the learning and application of vocational work skills. Task readiness training gradually can be combined with education and skill training to produce a person who is not only technically proficient, but who is also personally developed and able to cope with himself or herself, the work environment, and the community.

- b. *Intensive basic skills programs in language (reading, writing, English as a Second Language) and math should be provided to in-school youth by the schools, including vocational schools and regional boards. Such basic skills programs for out-of-school youth should be provided by recognized educational organizations (such as schools, regional boards, adult learning centers, and postsecondary institutions). Libraries can provide information referral, and on-site services to support these programs.*

To serve the best interests of the student and to promote statewide educational planning, only recognized educational organizations should undertake basic skills training. Such organizations provide quality educational experiences and skilled professional personnel

needed for basic skills education. Federal funding should be made available for in-school alternative programs which have produced high success rates on pilot basis with unemployed youth. Examples are after-school alternative programs, basic skills-work experience programs, and opportunities to attend classes with adult role models.

Library services, such as those provided by Education Information Centers (EIC's), can assist out-of-school youth in identifying and gaining access to appropriate basic skills programs.

In certifying educational organizations, state education agencies have long and valuable experience. Most states have basic skills assessment programs already operating. Placing this function in an established quality system would prevent duplication and waste.

- c. *Job skills training should be provided to in-school youth by the schools and out-of-school youth by educational organizations, chartered, licensed, or recognized to offer an educational program in a state.*

Schools and other recognized educational organizations should provide job skills training for academic credit leading to a recognized academic credential. Diplomas and degrees, particularly high school certificates, continue to be used by employers in screening applicants for jobs. Lack of academic credit for job skills training dilutes the impact of Federal investment. Credentialing of job skills training across programs under present circumstances is meaningless or impossible. Provision of these services through recognized educational organizations ensures academic transferability modeled on the national migrant student record transfer system. Job skills training for such youth may provide only one alternative. Postsecondary institutions have developed a number of programs to bring youth who have left high school into postsecondary education successfully.

4. *Career exploration (and support services) should be provided to in-school youth by the school-prime sponsor partnership and to out-of-school by recognized educational organizations.*

For in-school youth, early adolescence is an important period for career exploration requiring access to long-term records of each youth's experiences, needs, and desires in a wide variety of areas. To the maximum extent possible, career exploration should be provided through private industry. Although these records are available only from the school, a work experience provided by prime sponsors and private industries may be helpful in clarifying career goals. A school-prime sponsor partnership is necessary for an effective program. For out-of-school youth, recognized educational organizations,

including schools, should provide a career exploration period for these older or more experienced youth. A multiyear record of needs, experience, assistance received, and outcomes for both in-school and out-of-school youth participants should be established.

5. *Job placement and follow-up for in-school youth should be the responsibility of the education agencies, state employment service and prime sponsors. The state employment service and prime sponsors should share these responsibilities for out-of-school youth.*

Job placement and follow-up requires an intimate knowledge of local private industry labor market openings, a broad capacity of job screening, and a relationship among education agencies, state employment service, and prime sponsors. New York State employment service personnel which have been servicing in-school youth over the last several years are being withdrawn from such duties. More, rather than less, assistance from state employment services is needed for in-school youth. A state employment service also has access to out-of-school youth and should share the activities of job placement and follow-up with prime sponsors. To ensure effective programs, schools should play an advisory role for these out-of-school youth. A system of joint planning among the schools, prime sponsors, private industries, and state employment services should be used for out-of-school youth placement and follow-up. The 90-day placement period should be extended to avoid overlooking high-risk youth in the placement process.

6. *Accountability for services delivered to in-school youth, or for any experience leading to a recognized credential, should be ensured through accountability systems now working well in the education field. Such systems encompass educational, programmatic, and management/fiscal accountability.*

Well-established and efficient systems exist to ensure educational and management accountability in each state. These systems should be utilized in order to avoid duplication and promote efficiency.

A single-record system tracking individual education and job skills training across programs should provide a major accountability system for both in-school and out-of-school youth. This career development record would provide career development benchmarks for each student. The student should be involved in planning for his or her goals.

Educational accountability systems for in-school youth, or for any experience leading to a recognized credential, are well established in such areas as evaluation for academic credit, achievement testing, certification, transfer systems, and others. Accountability for services not leading to such a credential can be ensured through evaluation

of the multiyear records for each participant and through a tightening of present accountability mechanisms.

In addition, state education agencies have a long and successful experience in carrying out the programmatic, fiscal, and other management aspects of Federal formula grant assistance at both the elementary-secondary and postsecondary levels. Both the education and labor communities can benefit if such accountability experience is applied to the youth programs.

7. Statewide planning and development for the delivery of education and skill training should be carried out through a working relationship between the Federal government and state education and vocational agencies.

Regional planning for youth employment should be undertaken through statewide consortia to address the pressing need for youth employment in a particular labor market context. Direct involvement of state education and vocational agencies is necessary to assure the availability and quality of education and skill training in a state. Statewide and regional planning can avoid duplication in the development and delivery of services to youth while tailoring services to each area's needs. In New York State, a rich variety of organizations and institutions, funded from many sources, provides services to unemployed youth. Examples include the State's post-secondary Educational Opportunity Centers and Educational Information Centers as well as the secondary general and vocational work experience programs and library Job Information Centers. Rather than duplication of already existing services, Federal assistance is needed for effective state-level coordination and networking of such programs for maximum impact. More effective networking of current resources, coupled with new Federal initiatives supporting alternative education within the present system, will provide a continuum of services to unemployed youth.

A productive working relationship between some Federal government and state education and vocational agencies has existed for many years. That relationship has proven effective for education programs now in operation. Rather than disrupt an effective pattern, Federal legislation should build upon success by involving state education and vocational agencies fully in new youth programs. A strong role for these agencies ensures statewide planning to avoid wasteful duplication in the development and delivery of services to youth at the local level.

In addressing the problem of statewide planning and development for youth employment services, increased Federal assistance should be provided for linkages among the educational institutions, local

community, business/industrial sector, and major agencies with responsibilities for youth employment.

V. LIBRARY AND CULTURAL SERVICES

The ability of citizens to make decisions on matters which affect their lives and communities is essential in a free society. Good decisions are based on good information. For all of our citizens, information is power. This may mean the ability to make intelligent decisions on government issues, to locate appropriate government services, to deal with a rapidly changing environment, and to take control of one's life through education. Our public libraries are not only important sources for instant or in-depth information on governmental issues such as economics, political science, international relations, and the environment, but they also perform an important role in helping our citizens use other public agencies by providing information on government services such as social services, public health, and lifetime learning. In addition, public libraries are critical in providing cultural and self-development opportunities, particularly in areas of sparse resources.

Because information of all types is critical to the collective and individual success of Americans, a national policy is required to make it easily accessible to all of us. Our library systems must become statewide, regional, and community information systems. For maximum impact, library programs must be linked with programs of public broadcasting, and with preservation and education efforts carried out by archives, historical societies, and museums. The Federal government should provide comprehensive assistance to libraries and cultural institutions to assure public awareness, free access, and nationwide literacy. In carrying out this national purpose, state and local control must be relied upon to preserve the values and community bases of such agencies, particularly public libraries.

Three major programs provide most of the Federal assistance to libraries in New York State: Title II of the Higher Education Act, The Library Services and Construction Act (LSCA), and Title IV-B of the Elementary and Secondary Education Act.

Reauthorization of the Higher Education Act

A key action needed to ensure library services in 1980 is extension of the Higher Education Act. Library programs authorized

under Title II of that legislation are essential to New York State. The National Periodicals Center (NPC) proposed as Title II-D of H. R. 5192 is critically needed to meet present and future information demands. Such a center will further strengthen the nation's library and information resources by improving access to, and assuring the permanent availability of, difficult-to-find publications. The NPC should cooperate with state, regional, and local library systems to enhance resources available for research.

College and university libraries provide vital services not only to researchers, educators, and students in every field, but also to the networks which enable libraries of all types to serve their users. Federal assistance is important to these libraries and to those who pursue professions in library science and who wish to promote research and innovation improving library services.

Higher Education Act Title II-A

Acquisition programs in college and university libraries are especially important. Colleges and universities are the cutting edge in developing new knowledge through research in every field. In order to produce the best possible research, higher education professionals and students must have the most current knowledge available. Institutions also need to acquire materials in new fields of knowledge to keep pace with curriculum changes. Unfortunately, as postsecondary institutions face declining enrollments, retrenchment, and economic pressures, acquisition programs often are the first reduced in order to preserve positions and academic programs.

Simultaneously, acquisitions are feeling the pinch of inflation. The average cost of a book has increased 114 percent since 1967. Prices of periodical and serial publications have increased more than 207 percent since 1967.

Federal assistance for college and university library acquisitions in the past have been provided through Title II-A of the Higher Education Act. The Act establishes basic grants up to \$5,000 for library resources such as books, periodicals, documents, magnetic tapes, records, and audio-visual materials. As inflation has continued to raise the price of library books and periodicals by 100 and 200 percent respectively since 1967, the appropriation level for Title II-A has dropped by more than half. In FY 1977 and again in FY 1978, the appropriation for Title II-A was insufficient to fund grants at the \$5,000 level. In FY 1977, grants not exceeding \$3,855 each were made to 201 eligible institutions in New York State. Fiscal year 1977 saw no administration request for Title II-A, although the FY 1979 appropriations bill provided for the same funding levels as in 1978.

The Administration's FY 1980 request was again zero; and the FY 1980 bill reduced the funding level by 50 percent from the previous year.

Recommendations:

1. As New York State continues to suffer from both inflation and economic hardships, its postsecondary institutions will face even greater financial constraints. Because postsecondary library acquisitions are of central importance to development of new knowledge and to the education of future professionals in every field, the Regents recommend the reauthorization of this program to strengthen postsecondary library resources in the State.
2. Supplemental and special purpose grants under this program which have been unavailable in recent years should be reinstated. These grants are high priorities for institutions needing new materials to keep pace with curriculum changes.
3. Eligibility requirements for Title II-A have been expanded to include the Reference and Research Libraries Resources Councils (3R's). This revision makes Title II-A resources available to all students. Further action is needed to increase the availability of Title II-A resources to more adult learners. This should be accomplished by providing similar eligibility to public libraries which have educational brokering centers, to other adult independent learning centers, and to educational counseling services such as those provided by the New York State Higher Education Learning Advisory Service.

Higher Education Act Title II-B

Postsecondary library and information science programs are vital to the training of library professionals and paraprofessionals. This activity has been supported by Title II-B of the Higher Education Act which provides grants to postsecondary institutions or library agencies to support such training through fellowships, traineeships, and trainee institutes. Both fellowships and institute grants make it possible to target training efforts upon clearly identified need. For example, minorities are underrepresented in library and information science. There is a strong continuing demand for minority librarians, community outreach librarians, media specialists, and library automation specialists as projected by the Bureau of Labor Statistics. Assistance to minority students has been a high priority under Title II-B in recent years. Training institutes provided by Title II-B funding are an important and cost-effective way to share specialized skills with increased numbers of professionals. The institutes provide an efficient way to update skills as patrons' needs, library services, and

library technology change. One institute held this year at the New York State Library brought together representatives of statewide library associations, consultants and library school educators to develop state-level programs for continuing education. Title II-B fellowship and institute funding in New York State for FY 1977 totaled \$329,000. Training monies also were received.

A second important activity funded by Title II-B is the demonstration grant subprogram. A 1978 study commissioned by the U.S. Office of Education points out that "This is the only federal program for innovative library research and demonstration that supports a wide range of research to improve public library services. It has generated new knowledge about innovative approaches to networking, serving special target groups, utilizing community resources and new technology." In FY 1977, New York State institutions received demonstration funding totaling \$141,000. These grants can be used to enable libraries and consortia to accelerate development of computerized data bases. These will facilitate the establishment of a national bibliographic data base.

Recommendations:

1. To better meet the library service and information needs of ethnic and bilingual communities, and to train library professionals and paraprofessionals to use technological innovations in library science, the Regents recommend that Title II-B of the Higher Education Act be reauthorized and funding be increased.
2. To promote flexibility in funding for institutional needs, the specific percentage division of the Title II-B allocation by activity should be eliminated from the Title II-B formula.
3. Legislation should provide for multiyear funding of appropriate demonstration projects.
4. The U.S. Department of Education should broaden its program for making the results of these demonstration projects available to library administrators.

Higher Education Act Title II-C

The work of scholars, students, and researchers who add to the available knowledge in all fields is sustained by major research libraries. These include academic, state, and public or independent research libraries. Their collections make a significant contribution to higher education and to research. These collections also are used by others outside the library's primary clientele.

Research libraries have received support from Title II-C of the Higher Education Act. That title was first funded in FY 1978. New

York State received three grants of the 20 national grants including a substantial amount of funding to assist the New York State Library and other libraries in incorporating their monographic collections into a national data base.

Recommendation:

As research libraries face increased financial difficulties, Federal support should be given for the expansion of knowledge in all disciplines by extending Title II-C.

National Library and Information Services Act

A new National Library and Information Services Act is needed. The Act should be the product of a review of the current Library Services and Construction Act, the recommendations of the White House Conference on Libraries and Information Systems, and other national proposals. The Act should establish a new statement of purpose for Federal action in this area and authorize support for new functions to be attained through library systems.

New legislation should consider library and information services in coordination with those of museums, archives and historical records agencies, the literacy program, college and university libraries, and school libraries. The nature of information services is such that no single library can meet the needs of its users independently. Library service needs, economic realities, and rapidly developing technologies suggest continued efforts toward integration of services and resources through national, statewide, regional, and community resource sharing. Networking among libraries, including school libraries, and library systems should be emphasized. The role and experience of the states in planning and administering such networks must be central.

New legislation to support networking should finance technological change to deliver information most effectively, particularly to special constituencies such as the handicapped. Federal assistance should be provided for technologies such as computer terminals, reading machines for the blind, and other aids for the handicapped, as well as for conversion of existing catalogs and collections to computer data bases. The sharing of information, particularly scientific information, with other nations is an exciting application of technology which should be considered in designing a new authority. Federal assistance is required not only for new technologies, but also for renovation and replacement of existing facilities to reach goals of

access, particularly for the disabled and for those not currently using systems.

Advances in technology, library programs, and services have changed the role of library and information services professionals. Additional high-quality training and retraining programs are needed to develop skills necessary for handling new information technologies and serving special constituent groups. Federal assistance should be provided to states for a career incentive and reward system to encourage continuing education for professionals. Important linkages with CETA programs and youth employment programs should be part of any new authority. Such linkages not only will provide valuable employment opportunities, but also will enhance the attractiveness of library and information services for new constituencies.

The Regents recognize the work of the White House Conference on Library and Information Services which will chart the course of such services for many years to come. We are proud that a large number of the programs endorsed by the conferees have been developed and promoted in New York State for many years. We urge Federal support to sustain and expand these efforts.

The guidelines for a new National Library and Information Services Act noted above will be used by the Regents to develop in the next few months major legislation for consideration by the Congress.

National Endowment for the Humanities and National Endowment for the Arts

The National Endowment for the Humanities and the National Endowment for the Arts serves important national and state purposes. In carrying out its mandate, the National Endowment for the Humanities has strengthened efforts to identify, collect, describe, preserve, and make available primary research information and historical records. Endowment grants have assisted many institutions and individuals in carrying out important preservation efforts and public programs as well as in doing basic research in the humanities. The National Endowment for the Arts has expanded cultural opportunities by assisting New York's museums and performing and visual arts organizations. Grants for both Endowments in New York help to meet Regents' goals such as interinstitutional collaboration, innovative educational programs, and programs for adult independent learners.

Recommendation:

The National Endowment for the Humanities and the National Endowment for the Arts make essential contributions toward preserving and using New York State's cultural resources. The Regents recommend enactment of S. 1386, as reported, which reauthorizes and extends the Endowments. We urge that the House take similar action.

VI. EDUCATION FOR ALL HANDICAPPED CHILDREN

The Education for All Handicapped Children Act (Public Law 94-142) expresses a concept to which New York State long has been committed. Although the purpose of legislation is praiseworthy, more flexibility is needed to accommodate differences among states, particularly those with pre-existing systems meeting the intent of the law.

Due Process Procedures

The due process mandates of Public Law 94-142 were drawn to design the new structure preserving rights of handicapped children. In many states at that time, no state processes existed to assure these rights. Those designing the system overlooked provisions consistent with the objectives of Federal law, such as those existing for due process in New York State.

Responsibility for providing public education constitutionally rests with the states and with their local jurisdictions. New York State law holds local districts ultimately responsible for education. Due process procedures contained in New York State law reflect that responsibility. Before the effective date of Public Law 94-142, appeals by parents on the placement of a handicapped child in New York State were referred to an impartial hearing officer. That officer submitted a recommendation to the local board of education which made the decision on placement of a handicapped child as the board has authority to place *all* children. Appeals from local board action could be referred to the State Commissioner of Education. This due process structure protected children's rights, the direct statutory relationship between New York State and local districts, and the authority of local boards for pupil placement.

Compliance with the Federal appeals process for handicapped students has required that in New York State an intermediary level of authority has been injected between local school boards and the

State Commissioner. Advisory rulings of the hearing officer no longer are permitted. Federal legislation has mandated that parties who otherwise have no decision-making power in actual placement, now have such an area of educational responsibility. The Federal system has disrupted statutory relationships between the state and local districts. In establishing due process procedures, Federal law and regulation have failed to recognize state laws which were established earlier to meet the same intent. The Federal statute should be changed to allow flexibility in building upon existing state systems to meet Federal objectives.

The intent of the Federal legislation was to establish an appeals procedure to ensure the educational rights of all handicapped children. In practice, the Federal process has become enormously complicated. Unintentionally, it may discriminate against those most in need of assistance. Although some parents may benefit from the federally prescribed appeals process, disadvantaged and bilingual parents in need of help may lack the resources to use it. Moreover, unlike New York State's former advisory system, the federally prescribed hearing process is adversarial in nature. The process defines the parties so clearly as opponents, rather than as collaborators, that this adversarial relationship may harm the interests of the child because ill feeling among the parties or in the community may result. The due process requirements of Public Law 94-142 must be reevaluated for the fiscal and human costs.

Appropriations

While there was great promise concerning the impact of this Federal legislation on the fiscal capability of schools to provide appropriate education for handicapped children, that promise has not been realized. The program has been funded a little more than half the authorized level, although state and local costs have increased substantially as a result of this legislation. Increased demands for full services, including the provision of related services, the development of alternative programs, and the close monitoring and evaluation of program implementation has contributed to cost increases. Public Law 94-142 has identified the education of the handicapped as a national priority. Its underlying premise is that appropriate programs and fiscal resources were not available and that Federal sources would provide assistance. Appropriations to support the implementation of this law must be provided at 30 percent of the average per pupil expenditure as authorized for FY 1981.

Recommendations:

1. The Federal Education for All Handicapped Children Act (P.L. 94-142) should be amended to simplify required due process procedures. These procedures should be more easily understood by low-income and minority families. These procedures should also be revised to recognize state practices conforming to the intent of that law that existed before P.L. 94-142 was passed.
2. Public Law 94-142 must be supported at the Federal level by adequate fiscal allocations.

VII. HEALTH MANPOWER LEGISLATION

The Health Professions Educational Assistance Act of 1976

The Health Professions Educational Assistance Act (HPEAA) of 1976 represented a major policy departure for the Federal government and a broad set of opportunities and challenges for students and institutions in health-related fields. Many of the programs for which the Act provides carry initial authorizations which expire in 1980.

From World War II to the early 1970's, the focus of Federal health manpower policy was on increasing the numbers of practitioners. In addition to increasing places in professional schools for American students, these were policies to encourage the immigration of foreign-educated physicians. The thrust of HPEAA has to do with the *distribution* of health personnel rather than with increasing the number entering practice. The most intense debates and most difficult compromises prior to enactment had to do with issues of distribution and with public need. The declaration of policy set out at the beginning of the Act reveals these concerns by focusing on the Federal responsibility in assuring the availability and proper distribution of well-qualified health professionals, particularly in the field of primary care.

To give effect to these policies, Congress authorized major new or expanded programs of scholarship and loan assistance. These were of such potential magnitude that they altered traditional patterns of financing education for medicine, osteopathy, dentistry, veterinary medicine, nursing, optometry, podiatry, public health, and pharmacy. The Act established the National Health Service Corps, in which holders of scholarships are obliged to serve as commissioned officers of the U.S. Public Health Service. Through this program recipients of loans (or volunteers) are encouraged to serve on assignment in health manpower shortage areas. These areas include public

or nonprofit private medical facilities, service to specific population groups, and urban and rural locations. Grants for the establishment of departments of family medicine; for traineeships and fellowships in primary care areas; for preparation of physician's assistants, nurse practitioners, dental auxiliaries, and others were also provided for by the Act.

The potential of HPEAA for major impact upon the financing of education for the health professions is suggested by factors such as the following:

National Health Service Corps Scholarship Program

Aid for tuition and other educational expenses is provided to eligible students of medicine, dentistry, and nursing, and (if needed by the National Health Service Corps) podiatry, optometry, pharmacy, veterinary medicine, public health, health administration and certain other health fields. These students are also eligible for a stipend which currently exceeds \$400 a month. In FY 1979, funding is provided for 2,500 new scholarships in medicine and osteopathy, 400 in dentistry, 385 in several areas and levels of nursing, as well as 55 in public health nutrition, speech pathology and audiology, and medical social work.

Guaranteed Loans

Under the Health Education Assistance Loan (HEAL) program, students of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, or public health may receive loans to a maximum of \$10,000 per year (gross total \$50,000). Students of pharmacy may receive loans up to \$7,500 per year (gross total \$37,500). Repayment must be made over a 10- to 15-year period, beginning nine months after completion of education (including internships or residency training).

Capitation and Other Payments to Institutions

Capitation payments are provided for medicine, osteopathy, and dentistry at \$2,000 per student; veterinary medicine at \$1,450; public health at \$1,400; podiatry at \$965; optometry at \$765; and pharmacy at \$695. These payments are made on the basis of the number of full-time students enrolled at the beginning of the fiscal year, with the requirement that the number enrolled be not less than the number enrolled in 1976. Start-up assistance to medical, osteopathic, and dental schools is available under the Act. Assistance

to institutions undergoing serious financial stress is available to these schools and also to schools in most other health-related areas.

The potential of the legislation for making an early and significant impact on the distribution of physicians and other health professionals among fields of specialization as well as geographically is indicated by provisions such as the following:

Scholarship holders incur obligated services in the National Health Service Corps, as commissioned officers or civilian members, for a period of years equal to the years the scholarship is held. Failure to complete the period of obligated service entitles the United States to recover from the individual a sum equal to three times the total amount of money paid to or in behalf of the individual, plus interest, prorated according to the portion of time served. A further inducement is provided for individuals to remain in the shortage area after completion of obligated service, however, through a mechanism for paying \$12,500 for one year and \$25,000 for two years of continued service in the underserved area. In the initial years, many of the scholarships went to upperclassmen and women who now are ready to enter obligated service. The number of new scholarships available in fiscal 1978-79 in medicine (2,500) is about 15 percent of the approximately 16,000 physicians graduating each year in the nation—a significant proportion of the graduating class.

Capitation grants are conditioned both upon maintenance of enrollment of first-year students at the level of 1976 and upon the attainment by 1980 of a condition in which 50 percent of the filled first-year positions in direct or affiliated medical residency programs are in the primary care areas of general internal medicine, family medicine, or general pediatrics.

Authorization and available funding permits the Secretary of Health, Education and Welfare to underwrite the formation and development of new programs in family medicine and for preparation of physicians' assistants, dental auxiliaries, occupational and industrial health professionals. Similarly, authorization and funding is available for creating and underwriting new traineeships and fellowships in primary care and certain other fields.

The Act requires the Secretary to establish a program to collect, compile, and analyze data on health professions personnel, initially to include all physicians and dentists but to be expanded at the Secretary's discretion to include information pertaining comprehensively to other health professionals. "Such data shall include data respecting the training, licensure status . . . , place or places of practice, professional specialty, practice characteristics, place and

date of birth, sex, and socioeconomic background of health professions personnel and such other demographic information regarding health professions personnel as the Secretary may require." Such information is to come from appropriate local, state, and Federal agencies and sources; it may be produced under contract with appropriate state agencies. When implemented, this program will significantly assist state-level as well as national assessment and planning.

In March 1976, the Regents issued their comments and recommendations on health manpower programs and issues then in the later stages of Congressional study and debate, prior to enactment of the Health Professions Educational Assistance Act. The legislation adopted reflects in major degree the spirit and even specific positions urged by the Regents. In some respects, HPEAA makes provision for programs in a direction urged by the Regents but extending even farther than the Regents proposed.

Recommendation:

As mentioned above, many of the features of this legislation are consistent with the goals and initiatives of the Regents. It is essential that additional time be provided for the implementation and development of the many superficial features of this legislation. Extension of this legislation is recommended in the public interest.

Nurse Training Act

This Act is designed to maintain the supply of nurses, to improve geographic distribution of nursing staff-power, and to increase the numbers of nurses with advanced training. In FY 1977, this legislation provided \$11.4 million of Federal support to New York State students and nursing programs. A large share of that support went to students. Many of these students will be unable to continue their professional training without Federal assistance.

New York State's major need for nurse training focuses on the present training levels of nursing professionals and on problems of staff-power distribution. The present training level of large numbers of nurses is inadequate in New York State's changing environment of patient care. This State is placing an increased emphasis on alternatives to high-cost institutional health care such as home care and community outreach programs. Home care can be provided by the family with the support of a visiting nurse. It may also be provided by an unlicensed person or home health aid under the supervision of a registered nurse. Many nurses in the State hold hospital diplo-

mas or associate degrees which equip them for work in structured institutional environments. Insufficient numbers of our nurses have bachelor's degrees or higher degrees which equip them for community service. In New York State, visiting nurse associations and public health departments, which play a major role in providing alternative care, are required to hire nurses with bachelor's degrees in nursing. These nurses have social science, leadership, and change agent training necessary for work with families and communities. Moreover, nurses with advanced training are equipped for positions as nursing supervisors, clinical nurse specialists, and nursing administrators in large nursing service settings or schools of nursing. Only nurses with advanced degrees may become nurse practitioners, capable of performing some aspects of the physician's role by evaluating the complete state of a patient's health. Nursing research can be undertaken only by nurses with advanced degrees.

The Nurse Training Act provided funding for graduate nursing programs as well as student loans for advanced study. The Act granted capitation funds based on enrollment for the three types of programs which prepare students for admission to the registered nursing examination. Additional funding within the Act's special projects supported development of training programs for nurses' upward educational mobility and for nurses' continuing education necessary for high quality patient care. Eliminating Federal support for advanced nurse training limits the quality and quantity of home health care and community health care available in New York State. Those most directly affected will be disadvantaged families, senior citizens, and chronically disabled persons in urban and rural areas who rely on the visiting nurse or public health nurse to provide or monitor health care.

A second nurse training problem faced by New York State is distributional. Nurses are concentrated in some areas of the State while other areas suffer from nursing staff shortages. Nurses tend to remain in the areas in which they are educated. The Nurse Training Act improved the distribution of nursing staff-power by providing capitation grants to sustain enrollments in nursing programs across the State. Many of these two-year colleges and bachelor's degree programs counted heavily on capitation funds. Without Federal support, these programs may be too costly for institutions to retain. If nurse training programs are eliminated, numbers of nurses will become concentrated around a few training centers. Nursing staff-power in shortage areas will deteriorate.

A third consideration calling for extension of the Act is the need for special projects which serve the disadvantaged. Under this pro-

gram disadvantaged students with potential nursing skills were recruited, provided with extra services (such as tutoring and counseling), and given a stipend which sustained their professional training. Without Federal support, many disadvantaged students will be unable to continue their education. A door to equal educational opportunity in the field of nursing will be closed.

Unemployment rates for new nursing graduates are surprisingly low both nationally and in New York State. In both cases, the rates are less than the 3 percent often considered a "full employment" situation. Recent changes in the immigration law will reduce the influx of internationally educated nurses which has made a significant impact on nursing staff-power availability in our State in the past. Should a national health insurance plan be enacted, the need for nurses would increase dramatically. This is particularly true in New York State which must provide care for large concentrations of high need populations.

P.L. 96-76, signed by the President on September 29, 1979, provides only a one-year extension, through FY 1980, of the Nurse Training Act, with an authorized funding level of \$103 million. In addition, the statute requires the Secretary to arrange for a study to determine the need to continue a specific program of Federal financial support for nursing education.

Recommendation:

At a time when many sections of the Nation, as well as New York State, are experiencing shortages of nurses, the Regents support reconsideration of the Nurse Training Act to provide programs. The support emanating from this legislation can aid significantly the causes of student opportunity and availability of health care in New York State.

VIII. CHILD HEALTH ASSURANCE PROGRAM

Protecting the health of children helps to protect the educational investment in children. The Regents give high priority to child health programs through which barriers to learning are removed or reduced. Such programs must be readily accessible to all children and should focus on all aspects of child health—physical, developmental, social and mental.

Several efforts are underway in New York State to improve child health through better school health programs. A major related Federal effort, however, still lies outside the school. This is the Child

Health Assurance Program (CHAP), Title XIX of the Social Security Act. CHAP ensures that children from birth to 21, who are eligible for Medicaid, receive periodic health appraisals, preventive maintenance, referral, tracking, and adequate treatment when they are ill. CHAP's program of preventive child health care authorizes Federal reimbursements to providers of such services. Schools are not eligible to become providers of CHAP services.

The wisdom of preventive health care and maintenance is gaining acceptance in the attempt to constrain health care costs. Investment in preventive care for children reduces long-range dental and hospitalization costs to families, as well as opportunity cost of absenteeism for children and schools. There is a growing recognition that schools can provide effective access to children for care providers and greater access to care for children.

Problems of access to health care particularly affect children in urban and rural areas. Some of these problems result from parents' inability to afford costly preventive health care. Under conditions of urban or rural poverty, the family's major financial commitment is made to survival. Health care is a luxury. Multiple demands on parents' time in single-parent families, or in families of two working parents, also preclude access to health care for children. The problem of child care for siblings while parents of large families seek health services for a single child also imposes barriers. Likewise, disadvantaged parents may be unwilling to endure the mass-processing atmosphere and lengthy waiting periods sometimes associated with clinic services. It is equally difficult for them to undergo the financial penalty and social discomfort of treatment in a physician's private office. Distance to health service sites precludes proper child health care particularly in areas lacking low-cost public transportation.

Many of these access problems could be solved in a cost-effective manner by making schools eligible to provide CHAP services. Large populations of children are easily accessible at the school site. Unserved children from outlying or disadvantaged areas are reached easily at the school. Providing CHAP services to large populations of youngsters at the school site will reduce preventive health care costs to parents. Costs of transporting children to another health service site and costs of broken appointments are eliminated.

Moreover, invaluable multiyear records about each child are available at the school. Professionals who have worked with the child in a variety of settings are available for consultation. School-site CHAP services enrich education by incorporating relevant aspects of each child's health status into educational planning. Such a

CHAP program will expand the school's capacity to serve the whole child, especially in the areas of development, and social and mental health. Through the school-site health program, both educational and health professionals can work cooperatively to achieve maximum educational opportunity for the child.

New York State schools already provide a large number of health services. These unreimbursed services are funded completely by local districts. In the 1976-77 school year, New York State's unreimbursed local district expenditures for school health totaled \$61 million. A large portion of that amount was spent by metropolitan districts serving urban concentrations of high-need children. Many of the LEA expenditures are made to comply with provisions of New York State Education Law, and other State and Federal statutes. Current school health activities include assessment, referral, recordkeeping, and emergency care, as well as provision of physical examinations for fitness, working papers and school sports. If schools were designated as CHAP providers, reimbursement for many of these services would be provided from Federal sources.

In spite of the number and type of school health activities now funded from local district budgets, the need for school health service has increased sharply over the last several years. Parents are no longer diligent in providing preventive immunization. Many parents believe that immunization no longer is a pressing concern because many childhood diseases have been eliminated. Such diseases, however, cannot be eliminated and are merely held in check through immunization. Because immunization is required for school attendance in New York State, this service can be offered most efficiently by having an immunization clinic come to the school or by authorizing the school to immunize students.

A second factor increasing the need for school-site health services is the reentry of large numbers of handicapped students in New York State's local districts. As school districts face budget reductions, providing special education services in the district may pose a least-cost alternative when compared to district expenses for private schools' programs. More importantly, reentry of handicapped students into school districts is also the direct result of a Federal mandate. The Education for All Handicapped Children Act (PL 94-142) of 1975 prescribes that handicapped students be educated in the least restrictive environment possible. For many such youngsters, that mandate means a return to the local district and/or placement in a regular classroom. Not only supplementary educational services, but also supplementary school-site medical services, are required to provide for this wide variety of handicapping conditions.

The influx of handicapped students also creates a demand for greater numbers of placement assessments carried out through school health services. There is no Federal reimbursement currently available for these additional expenses which must be funded from local district budgets. When a Federal mandate creates a demand for a large number of sophisticated school-site medical services, the Federal government must exercise responsibility by authorizing school district eligibility for programs providing Federal assistance in this area.

New York State's multifaceted effort to improve child health through the schools has not been rewarded. Many schools in the State can now meet the Federal criteria for provision of CHAP services. In no case will schools provide second-rate health services. However, in a state suffering under simultaneous conditions of inflation and economic decline, changes in school health services cannot be supported solely by local property taxation. The Federal government should reward states which display concern for and effort in providing child health care programs through the schools.

Recommendations:

1. To provide a cost-effective response to the increasing need for school-site health care, schools should be designated as providers of child health care services under the CHAP program.
2. Because population and industry have shifted, New York State faces high concentrations of disadvantaged children with many health care needs. This is particularly true in the State's large metropolitan centers where the cost of living is highest. Current eligibility requirements for CHAP services are based on the child's income eligibility for Medicaid. Particularly in high-cost urban areas, large numbers of disadvantaged children whose family incomes fall just outside Medicaid requirements, and whose parents cannot provide preventive care, would remain unserved under the present system. Income eligibility for CHAP should take into consideration cost-of-living indexes to provide equal health care opportunities for disadvantaged children in high-cost urban areas.
3. Current CHAP provisions allow a 50 percent Federal share with a respective 25 percent matching requirement for states and localities. Federal sharing for screening and follow-up should be at the 75 percent level.
4. CHAP should include increased allowances for dental health programs as part of a comprehensive program for child health.
5. The developmental portion of the CHAP program should be expanded to provide more intensive services in the areas of social developmental and mental health.
6. Federal support for health education through the schools should be expanded.